

Bush Starting Trip With Bid in Bonn To Counter Soviet

By James M. Markham
New York Times Service

BONN — Vice President George Bush arrived here Sunday on the first leg of a seven-day West European tour that is aimed at countering a Soviet "peace offensive" and affirming the Reagan administration's commitment to arms control.

Mr. Bush's two-day stay in West Germany, which includes a stop in Bonn Monday, is the most important and sensitive of his 12-day trip. He will also visit the Netherlands, Belgium, Italy, France and Britain, and will stop in Geneva to meet Soviet arms negotiators.

West Germany is swept up in a tense and extremely fluid parliamentary election campaign, and the outcome of the vote on March 6 could be significantly influenced by popular perceptions of Washington's attitude toward the Soviet Union and arms control.

Along with Italy, Britain, Belgium and the Netherlands, West

Germany is to receive a new generation of U.S. medium-range missiles if the Geneva talks with the Soviet Union remain stalled at the end of this year.

Opinion polls suggest that a majority of West Germans are anxious about the new missiles and hopeful of a Geneva accord. The opposition Social Democratic Party has made the missiles a central campaign issue, and has demanded that the United States match what it portrays as Soviet concessions at Geneva.

As the campaign has intensified, Chancellor Helmut Kohl has found himself caught between a wish to remain a steadfast U.S. ally and a concern that the Social Democrats will portray him as lacking commitment to arms reductions and a breakthrough in Geneva.

Like leaders in Britain and Italy, Mr. Kohl and his foreign minister, Hans-Dietrich Genscher, have recently shaded their support for the Reagan administration's so-called "zero option." This calls for the Soviet Union to dismantle an estimated 600 SS-20, SS-4 and SS-5 missiles aimed at Western Europe, in return, NATO would not deploy SS-20s and Pershing-2 missiles.

After some public floundering and contradiction, the Kohl government now argues that the zero option remains a desirable goal but that an immediate agreement that guaranteed medium-range parity between NATO and the Warsaw Pact might also be acceptable.

But, in an interview, one of Mr. Kohl's closest advisers said that the West German public had become confused by the complexities and technical details of the missile debate, and that the government was not hoping for a major departure from the zero option by Mr. Bush.

Rather, the aide insisted, Mr. Kohl believes that Mr. Bush could best capture the West German popular imagination by declaring forcefully that President Ronald Reagan is ready for a summit meeting with Yuri V. Andropov, the Soviet leader. Mr. Andropov has agreed to a summit meeting in March.

"It's enough to impress the people to go forward," said the adviser. "Our people are interested in defense with the Soviet Union. They are also interested in the friendship with France and the United States."

On a four-day visit here earlier this month, Andrei A. Gromyko, the Soviet foreign minister, expressed Moscow's interest in a summit meeting. Washington's position has been that a Reagan-Andropov encounter would need careful preparation.

For Mr. Kohl, a Bush endorsement of a summit would carry a personal bonus because the West German chancellor, in declarations here and on a visit to the United States in November, was the first Western leader to push publicly for such a meeting.

By contrast, an abrupt Reagan administration move from the zero option before March 6 could benefit Hans-Jochen Vogel, the Social Democratic candidate, who could claim to have budged Washington into making concessions.

The Kohl adviser, who spoke on the condition that he not be identified, said it was more important for Mr. Bush to voice a readiness for a dialogue with the Soviet Union than to put forward specific proposals.

The adviser also said serious negotiations would not take place at Geneva until after the West German election. He voiced concern that the United States might make concessions now for the election, but that this might eventually weaken the Western strategic position. If Mr. Kohl were re-elected, the adviser predicted, the Russians would negotiate "more soberly" in Geneva.

Papal Visit To Poland Set for June Announcement Urges Amnesty by Warsaw

By Henry Kamm
New York Times Service

ROME — The Roman Catholic Church of Poland announced Sunday that Pope John Paul II would begin the second visit of his papacy to his native country on June 13.

No Vatican announcement was made. However, the statement from Warsaw was made public here at the same time that it was read from all Polish pulpits in the form of a pastoral letter of the episcopate. The Vatican press office distributed the text of the letter in Italian.

The pastoral letter contained the announcement of the pope's visit, with an urgent appeal to the Warsaw government to restore a measure of political normality.

"Let us count on the state authorities to grant an amnesty, and to undertake the other initiatives to re-establish full social justice," the Polish episcopate said.

The announcement appeared in part to rest a long period of micromanagement over the visit, originally scheduled for last August but put off when the government of Poland's martial law leader, General Wojciech Jaruzelski, advised the Vatican that internal conditions made a trip inadvisable.

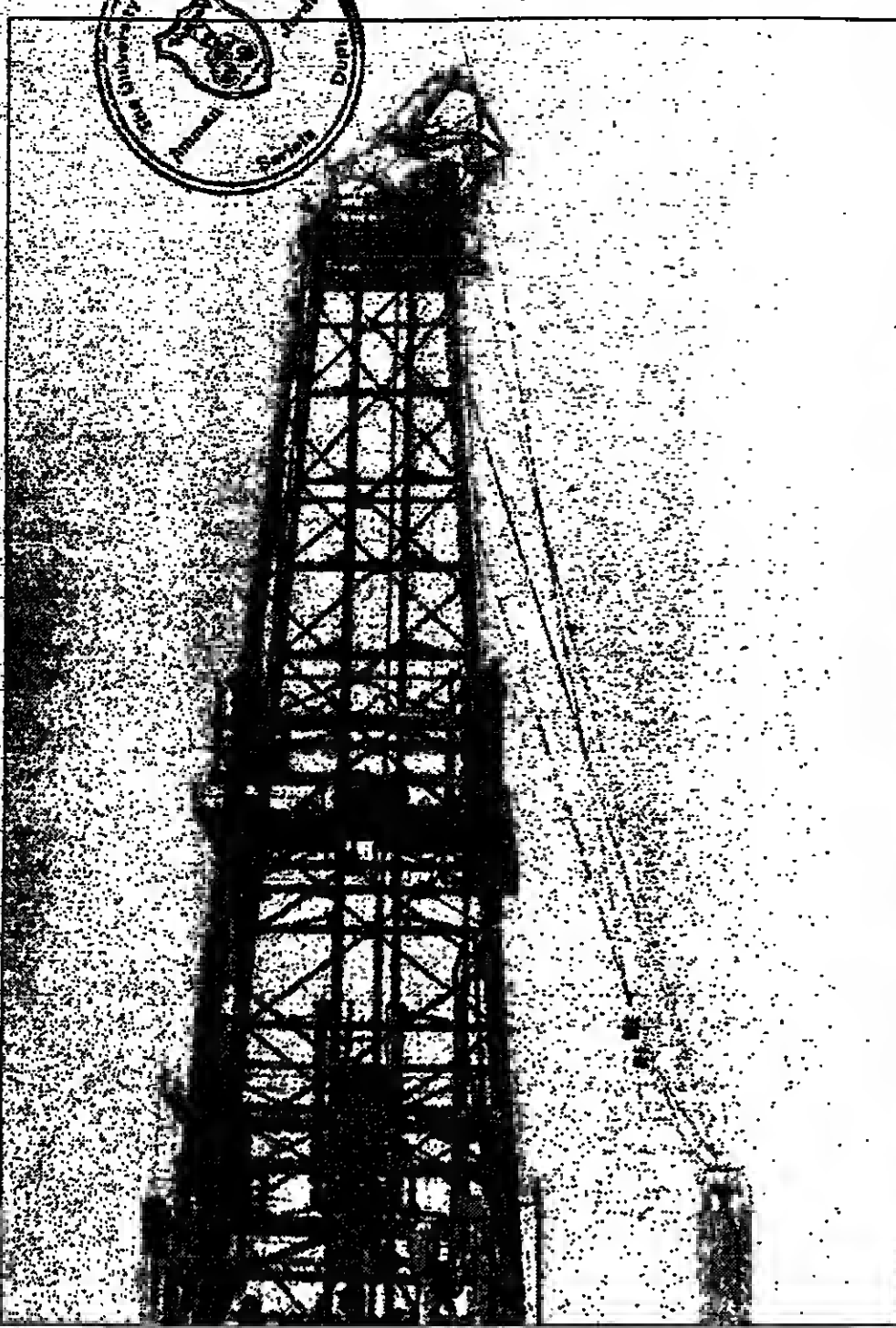
As the regime in Warsaw succeeded in stopping acts of open resistance, it announced in November that the Polish primate, Archbishop Jozef Glemp, that the visit had been rescheduled for June. But church sources said then that for the pope this was little more than an expression of his hopes.

As late as Jan. 12, the pontiff himself revealed his doubts about the trip by saying in a prayer to the Virgin of Czestochowa, "To you I entrust it and how it shall take place."

Sunday's announcement came at a time when relations between the church and the Soviet Union are more strained than usual. Last month, Moscow for the first time severely criticized John Paul directly, through its Tass news agency.

This was seen here partly as an expression of irritation over charges that Bulgaria "may have plotted the attempted assassination of the pope in 1981 and of anger over the pope's continued public statements of concern about military rule in Poland.

On Saturday, a senior Vatican spokesman said that the pope would negotiate "more soberly" in Geneva.



A floating oil rig was still entangled Sunday in a cable car system above Singapore harbor after an accident in which seven persons died. Thirteen persons were rescued by helicopter.

7 Plunge to Death as Oil Rig Snags Singapore Cable Car; 13 Rescued

Compiled by Our Staff From Despatches

SINGAPORE — A floating oil rig under tow snagged an overhead tramway cable Saturday, hurling at least seven persons to their deaths in Singapore harbor. Army helicopters flying in darkness and high winds rescued 13 persons early Sunday from cable cars left dangling more than 100 feet (30 meters) above the water.

A police spokesman, Simon Cornelius, said the tower of the Panamanian-registered oil rig Eniwetok struck the cable at 6:08 P.M., jolting loose two cars that plummeted into the waters between Singapore and the resort island of Sentosa about half a mile away.

One of those saved, Stephen Wells, 22, a New Zealand serviceman, said: "It was a gut-wrenching experience for the first 15 minutes. But after a while, we got to laughing and joking to keep ourselves from panicking. When the fellow [helicopter rescuer] came around and put a sling around me, I was a little shaky."

Fred M. Kresser, 52, president of an American company, Pacific Construction, was killed aboard one of the two cars, a spokesman for the company said in Honolulu. Also killed was Fred Y. Kimimoto, an American friend of Mr. Kresser, who was in Singapore with Hawaiian Dredging, the spokesman said.

The dead included an Australian, aged 35, two Singaporeans and two unidentified women.

Police said attempts to free the tangled oil rig and raise the two sunken cable cars were continuing.

A spokesman said rescue operations were delayed seven hours "because the wind force of the heli-

copters could have resulted in the suspended cars falling into the water."

Sim Kee Boon, a top official of the Communications Ministry, said, "It was a very difficult operation because of the darkness and the high winds."

A hospital official said the people rescued from the cable cars were in varying states of shock, some on the verge of hysteria.

The rescue helicopters worked in pairs, one training its searchlight on a tramway car while the other

lowered a helmeted rescuer to open it. The cars could not be opened from the inside. The rescuer there was pulled up with one victim at a time.

Police said the rig, under contract to the Malaysian national oil company, Petronas, was under tow by four tugboats when it smashed into the tramway line.

An official statement said a full inquiry will be made into the cause of the accident, the first serious incident on the cable system since it began operation in 1974.

'Reasonable' Accord With EC Sought by U.S.

By Axel Krause
International Herald Tribune

DAVOS, Switzerland — The Reagan administration will seek a "reasonable solution" to its dispute with the European Community over EC farm export subsidies, during negotiations to be held in Brussels in February, U.S. Commerce Secretary Malcolm Baldrige said Sunday.

Although he did not spell out what he meant by a "reasonable" solution, Mr. Baldrige said that the administration's goal is to reduce, but not necessarily to eliminate, the long-established EC farm subsidies. The U.S. considers the subsidies unfair.

"We are seeking a narrowing of the gap between the world and the subsidized prices so that we can compete in world markets," he said. He added that he would not rule out any proposed solutions.

Senior U.S. and EC officials have repeatedly warned that failure to resolve the issue could bring a trans-Atlantic trade war. A warning was made earlier this month when the United States announced that it would subsidize sales of wheat flour to Egypt. Previously, European nations supplied two thirds of Egypt's wheat flour.

Mr. Baldrige declined to say whether the administration planned similar moves in other areas of the world, such as Latin America, where the Common Market and the United States intensively compete for farm export orders worth billions of dollars.

"I won't comment on how far we could go," Mr. Baldrige said, in a tone that appeared to be more conciliatory than previous statements by U.S. cabinet members. Of the Egyptian subsidy, he said, "We felt

U.S. Says Lebanon Talks Show No Breakthrough

By Bernard Gwertzman
New York Times Service

TOKYO — Secretary of State George P. Shultz said Sunday that after a weeklong review of the Middle East situation the Reagan administration sees no early breakthrough in the Lebanon troop withdrawal talks and has no formula to propose except continued perseverance at the negotiating table.

In a press conference aboard his Air Force plane flying here for the start of a 12-day Asian trip, Mr. Shultz also ruled out applying pressure on Israel to make concessions. Some White House officials have suggested a cut or suspension in aid to Israel if more flexibility is not shown, but Mr. Shultz said, "I don't think that forcing people to do things that they believe is against their interest produces lasting solutions to problems."

Mr. Shultz spent much of last week with Philip C. Habib, the special Middle East envoy, and other top aides in discussions of the impasse between Israel and Lebanon over an accord leading to an Israeli troop withdrawal. The Americans hope that would be followed by troop pullouts by Syria and the Palestine Liberation Organization as well.

As aide to Mr. Shultz said that Mr. Habib would return to the Middle East in about a week or two after taking care of some personal affairs at his home in California. He said that for the time being the administration feels that intense, but normal diplomacy will be more successful than any dramatic schemes.

Mr. Shultz, talking to reporters on the plane, ruled out a trip to the Middle East himself at this time, saying that there were excellent negotiators already involved.

"To Lebanon, our objectives are clear, and so are the difficulties of attaining them," Mr. Shultz said. "Up to this point, there is a pretty wide gap, I would say, between the conditions Israel feels she needs in order to withdraw and the conditions Lebanon feels are consistent with the emergence of a new Lebanon, sovereign and in control of its territory."

Mr. Shultz said, "I wish I could report there were breakthroughs in the offering."

"I'm sure there are, but I can't identify them," he said. It was evident that he felt Israel was the more recalcitrant and said that he did not believe it would produce a lasting solution "for Israel to force Lebanon to do something that Lebanon feels deeply is not in their interest," namely acceptance of political normalization at this time.

He said that the administration believed "the desirable objective is peace among Israel and all of its neighbors." But he said "the basic peace process" involves not only Israel's security, but "the legitimate concerns and rights of the Palestinians."

Mr. Shultz was careful to avoid leaving the impression that he felt there was no merit in the Israeli position. He said that although there was a wide gap between the Israelis and Lebanese, "people have to be their own judges of what their security demands, but we of course have our opinions and weigh in with them."

In his talks with Japanese officials, beginning on Monday, Mr. Shultz expects to have considerable discussion on security and arms control issues as well as trade questions. The Japanese want to be assured, U.S. and Japanese officials said in Tokyo, that the United States will not drop its so-called zero-zero option in talks with the Soviet Union on medium range missiles.

U.S. officials traveling with Mr. Shultz said that the concern of the Asians has given additional weight to those in Washington urging that the administration not depart from the zero approach.



Secretary of State George P. Shultz was greeted by Japan's foreign minister, Shintaro Abe, on his arrival in Tokyo on Sunday at the start of a tour of Asian countries.

Hussein Said to Review Stance on Peace Talks

By Jonathan C. Randall
Washington Post Service

AMMAN, Jordan — Despite recurring hints that he is ready to take Jordan into U.S.-sponsored Middle East peace talks, King Hussein is having second thoughts because of American inability to obtain Israel's military withdrawal from Lebanon, according to officials and diplomatic sources here.

Well-placed Jordanians and diplomatic sources emphasized that the king is likely to announce his intention to negotiate only if the United States first conclusively undoes its Middle East credibility by persuading Israel to withdraw from Lebanon.

The monarch's hesitation has developed despite the reported enthusiasm of President Ronald Reagan that he would make known his negotiating intentions by March 1. A second trip to Washington was tentatively set for that month.

The king's announcement of his decision, made in a meeting with Jordanian leaders on Jan. 10 on the eve of Mr. Habib's departure for the Middle East, was described by diplomatic sources as "the final scene of the last act" in Hussein's plan to marshal every opportunity and argument to force the PLO to join the negotiations on his terms and obtain active Arab support.

What the king was doing, in still inconclusive negotiations, was in effect asking the PLO leader, Yasser Arafat, to step aside and abandon the dream of an independent Palestinian state, Jordanians said.

This negative view from Amman contrasts with more positive signals coming from Washington and Cairo about Hussein's willingness to take a seat at the conference table.

The fact that Hussein is leaning in favor of joining in Mr. Reagan's peace initiative nevertheless is a clear contrast with his refusal in 1978 to join the U.S.-backed Camp David accords that eventually led to Egypt's separate peace with Israel.

His new thinking is said to reflect growing fears generated by the greatly accelerated pace of Israeli settlements in the occupied territories, the perceived threat of Israeli aggression against Jordan's East Bank and other threats to the kingdom that he has ruled for three decades.

By offering to negotiate in good faith — and with the hope of support from the Palestine Liberation Organization and moderate Arab countries — the king, according to Jordanian officials, wants to show that in the event of failure, the blame should not be laid to the Ar-

abs, but to the Americans and Is-

raelis. The apparent failure of the special U.S. envoy, Philip C. Habib, to persuade Israel to withdraw from Lebanon has cast a pall on Washington's credibility, which has been damaged by the war in Lebanon and the increase in aid to Israel voted by Congress in December.

Jordanian officials said. Yet, as recently as Christmas, when Hussein returned from a visit to Washington, where he conferred with the president and other key officials, the monarch was evading confidence about U.S. determination to back him.

Hussein was so convinced by Mr. Reagan's personal commitment to bring about the removal of all foreign troops from Lebanon within two months that he would make known his negotiating intentions by March 1. A second trip to Washington was tentatively set for that month.

The king's announcement of his decision, made in a meeting with Jordanian leaders on Jan. 10 on the eve of Mr. Habib's departure for the Middle East, was described by diplomatic sources as "the final scene of the last act" in Hussein's plan to marshal every opportunity and argument to force the PLO to join the negotiations on his terms and obtain active Arab support.

What the king was doing, in still inconclusive negotiations, was in effect asking the PLO leader, Yasser Arafat, to step aside and abandon the dream of an independent Palestinian state, Jordanians said.

(Continued on Page 2, Col. 3)

INSIDE

- The pricing disparity in the oil market following last week's OPEC meeting has unsettled Mexico's policies. Page 9.
- Moscow is cracking down on shirkers and graft. Page 5.
- In New Delhi, Prime Minister Indira Gandhi names 12 new ministers. Page 5.
- Communist Sofia is becoming a major center for drug and arms smuggling. Page 4.
- Poll results buoy the Bundestag hopes of Genscher's Free Democrats. Page 4.
- It appears that the White House was forced to change its tone amid evidence of economic mistakes. Page 3.



Troops guard the Pan-American Highway, the only road linking the east of El Salvador to the rest of the nation since guerrillas bombed two bridges along the other main route.

Salvadoran Troops Mass as Rebels Step Up Fight

By Juan M. Vasquez
Los Angeles Times Service

SAN SALVADOR — The guerrilla forces of El Salvador are posing the strongest military threat of their two-year campaign against the government in serious fighting concentrated in the northeastern province of Morazan.

The armed forces have responded by sending about 6,000 soldiers, including all three of their elite, U.S.-trained battalions, into the fighting in the hope of finally ending the guerrilla fighting.

"This is a critical action," a lieutenant colonel at military headquarters in San Salvador said. "The objective is to drive them out of there once and for all."

But analysts see this goal as difficult, if not impossible, to attain and some say it may be counterproductive even if it can be achieved.

The latest military campaign has diverted some attention from an important political development, a

defeat in the Constituent Assembly for Roberto d'Aubuisson, the president of the assembly and of the rightist party known by the acronym ARENA.

On the military side, many guerrillas in the east have been practically emptied in order to put more

U.S. aid to El Salvador may hang on a phrase, one deleted from a House resolution. Page 2.

than 30 infantry companies into Morazan. The scope of this operation, probably the biggest mounted by the army, has left government forces vulnerable to attack elsewhere.

The lieutenant colonel said the guerrillas had seized about a dozen contested villages in Morazan and had threatened to take the provincial capital of San Francisco Gotera, a perennial target.

The guerrillas began the offensive Jan. 8, when the army was paralyzed by a quarrel between the de-

fense minister, General José Guillermo García, and Lieutenant Colonel Sigifredo Ochoa Pérez, commander of the garrison in the northern province of Cabañas, who refused to obey orders to leave the country on a diplomatic assignment.

It took the army about two weeks to respond to the guerrilla offensive, and the fighting in substantial casualties and the surrender of some army soldiers. However, reliable figures are hard to come by.

Seizing the momentary advantage, the rebels occupied a number of villages, including La Palma and Tequila, in the northeastern part of the country and others in Usulután province in the southeast.

On Wednesday night, they attacked the country's main garrison, a fort called San Carlos in the outskirts of San Salvador.

"The good news is that the guerrillas were trying to take San Fran-

cisco Gotera and failed," a U.S. official said. "The bad news is that the army is now trying to pin a decisive blow on the guerrillas and they can't do it in a war like this."

U.S. Embassy officials believe that victory, if it comes, will be gradual and painfully slow, built upon a combination of small-unit, anti-guerrilla tactics and the creation of a base of rural political support.

The Salvadoran military prefers to rely on large-scale maneuvers designed to sweep guerrillas out of their strongholds. Such tactics often produce large civilian casualties and are often costly to the army.

A tally of death notices published in local newspapers in 1982 shows that at least 1,269 soldiers were killed last year and about 2,500 wounded.

The blow to Mr. d'Aubuisson came when a coalition led by the 24 Christian Democrats in the Constituent Assembly ignored a walkout by him and members of his party and voted to approve Na-

poleón Cardenas as the new minister of public health and social assistance.

The vote brought into question Mr. d'Aubuisson's authority and bolstered support for El Salvador's transitional president, Alvaro Alfredo Magaña, who had fired the previous minister, a member of ARENA, last month for refusing to carry out his orders.

U.S. officials appeared pleased at the turn of events. "D'Aubuisson has been significantly weakened," one said. "He lost a fight he had chosen to fight."

Julio Adolfo Rey Prendes, the Christian Democratic leader, said: "D'Aubuisson is more of a farce than a leader. He is struggling to keep the little power he has. D'Aubuisson is not the boss of the assembly or the boss of the nation."

U.S. officials believe that the significance of the conflict lies in the fact that it appears to be creating a climate where differences are resolved by traditional political methods.

Nigerian Exodus Grows As Frontier Crossing Is Opened by Ghana

SEME, Nigeria — The exodus of West Africans expelled from Nigeria accelerated dramatically Sunday, after Ghana opened a frontier crossing to allow its citizens to get home.

On Saturday, when Ghana announced that it would open the crossing at Aflao, on its border with Togo, more than 100,000 Ghanaians were waiting at Seme, a checkpoint on the Nigerian border with Benin. Ghana closed its land borders in September in an attempt to stop smuggling and currency trafficking.

By Sunday afternoon, a double line of vehicles that had stretched for more than a mile had vanished, as authorities in Benin allowed the Ghanaians to enter on the road home through Togo.

Previously, Benin had allowed in only small groups of the undocumented foreigners whom Nigeria had ordered to leave by Monday. The Benin officials had feared that with the Ghanaian border closed, they might have to cope with vast numbers of stranded Ghanaians.

More than 400,000 people, the bulk of them Ghanaians, have passed through Seme. Ghanaian officials have said that as many as one million Ghanaians could be living in Nigeria, by far the largest foreign group affected by the expulsion order.

Ghana's reopening of its borders also led to a rush there from the port of Lagos, where tens of thousands of Ghanaians have been awaiting evacuation by sea. There was no definite word on the arrival of ships from Ghana to help in the evacuation, and some people were selling their belongings to raise the fare to go home by road.

Earlier Sunday, a Nigerian radio broadcast warned that all Ghanaians had been ordered to leave the port "or face the consequences." But the order, the second in a week, produced little reaction among at least 100,000 Ghanaians at the port. "They have sent no one to clear us out, and until they do we will stay," said one.

Nigeria wanted the port cleared and the people to move to a special terminal at the airport in Lagos. About 1,000 people a day are leaving on special flights to Accra, Ghana's capital, but most people at the port cannot afford the fare, which is the equivalent of \$150.

Nigerian authorities will begin searches for illegal immigrants on Monday. But Interior Ministry officials have said people who are at recognized assembly points will not be arrested.

Among the others affected by the expulsion order are citizens of Chad, Togo, Benin, the Ivory Coast, Cameroon, Niger and Upper Volta. Ghana, Togo and Benin have set up emergency reception centers for their citizens, who emigrated to Nigeria in search of work.

Nigerian authorities, in announcing the order on Jan. 17, said the aliens had abused an agreement on freedom of movement in the Economic Community of West African States. They also said some of the foreigners had been involved in crime.

But analysts have attributed the decision to an effort to find jobs for citizens of Nigeria, which is in a recession brought on largely by the decline in international demand for its oil.

'Reasonable' Accord With EC Sought by U.S.

(Continued from Page 1)

that was necessary to show we had the ability to react, but we are seeking a reasonable solution."

Mr. Baldrige was interviewed in Davos, where he is participating in an annual symposium that drew 500 business leaders and government officials from 52 countries.

One proposed solution to the U.S.-EC dispute suggested by some Europeans is an immediate reduction of EC subsidies, which European officials attending the conference said would prove politically explosive and probably impossible to implement. Another would be to negotiate market-sharing arrangements.

"You cannot call it organized worldwide market-sharing, but such arrangements to avoid harming each other's markets is what we favor," said a senior EC official, who declined to be identified. He added, "We sense a certain new flexibility in the U.S. position on international trade issues in general."

Commenting on the European proposals, Mr. Baldrige said in the interview that he thought there was "a significant body of opinion" in some EC member states to phase out what he termed the "distorting effects" of EC export farm subsidies. He said that the Reagan administration remained opposed to "organized" trading arrangements, particularly at the government-to-government level.

The Brussels negotiations, scheduled Feb. 9 and 10, will follow earlier talks held in Washington as a result of consultations on a European tour by Secretary of State George P. Shultz in December.

Commenting on other issues aired at the Davos symposium, Mr. Baldrige said that a Norwegian proposal to encourage concerted expansionary policies among key

Western countries was "worth considering" for study and possible action in the Organization for Economic Cooperation and Development.

The proposal, by Prime Minister Kaare Willoch of Norway, was first submitted to the OECD in Paris on Jan. 14. He reiterated the idea in Davos, drawing the support of several other Scandinavian ministers, as well as former Chancellor Helmut Schmidt of West Germany.

France's finance minister, Jacques Delors, recently made a similar proposal in Paris.

However, Mr. Willoch acknowledged that high inflation or deficits have left "little room for maneuvering" in some countries, which Mr. Schmidt identified as France and the United States.

But the Norwegian leader contended that other nations could pursue joint expansionary policies. He and Mr. Schmidt, along with other ministers in Davos, said such a group of countries could include Japan, West Germany, Austria, Switzerland and possibly Britain.

Mr. Willoch recommended that a draft proposal for "concerted action aimed at a revival of the OECD economies" be readied for action at the May OECD ministerial meeting in Paris.

Mr. Baldrige was noncommittal in the interview, noting only that "there may be some individual countries which should pursue expansionary programs now, such as Japan, but I fear a concerted worldwide program would be like asking for a concerted program to create an inflationary spiral."

The OECD secretary-general, Emile van Lennep, who also is attending the Davos symposium, said that he had no immediate plans to act on the Norwegian proposal. But he said that detailed studies would be readied during the next few months for "some kind" of action at the ministerial meeting in May.

In a separate interview Sunday, New Zealand's prime minister, Robert D. Muldoon, said that while he was generally supportive of the Norwegian proposal, coordinated expansionary policies would fail without U.S. participation.

CORRECTION
The staff of the Wall Street Journal/Europe includes only 25 editors and reporters. An article in last Monday's International Herald Tribune erroneously reported the paper's size as much greater than that.

Chinese Deny Giving Pakistan Atom Bomb Data

BEIJING — The Foreign Ministry has denied that China has provided information and blueprints to help Pakistan build nuclear weapons.

On Friday, The Washington Post quoted U.S. intelligence sources as saying China has given Pakistan design information that could give impetus to Pakistani efforts to develop nuclear weapons.

The Post's sources said the Chinese information could mean that Pakistan would not have to detonate a test weapon, which could lead to a cutoff of U.S. military aid. Pakistan has denied it is trying to develop a nuclear bomb.

On Saturday, a Chinese Foreign Ministry spokesman rejected The Post report, saying in answer to a reporter's question that "no such thing of the sort" had taken place.

Spanish Anarchist Arrests

BARCELONA — The police in Barcelona and Valencia said Sunday they had arrested seven members of an anarchist group responsible for bank robberies, bombings, and an attempted jailbreak, and had discovered an arm cache and explosives in the principality of Andorra. In Logroño, northern Spain, a bomb destroyed the offices of a Basque bank on Sunday but caused no injuries, police sources said.

Church Says Pope Will Visit Poland in June

(Continued from Page 1)

official reiterated an earlier Vatican denial of reports that John Paul had written to the late Soviet leader, Leonid I. Brezhnev, threatening to return to Poland to lead the resistance in the event of a Soviet invasion.

But the official hinted that the pope did write a letter to Mr. Brezhnev, presumably to express his concern over possible Soviet action in Poland last winter, when tension was high over a possible Soviet response to the liberalization movement led by Solidarity, the free trade union.

Senator Alfonse M. D'Amato, Republican of New York, said last month that he had been reliably informed by a Vatican source that the pontiff had threatened to lead a resistance movement.

Such a letter was sent by some



General Franco Angioni, third from left, the commander of the Italian contingent to the multinational peacekeeping force in Beirut, inspects the area where an Israeli soldier was killed in a guerrilla ambush on Sunday.

Beirut Shelled; Israeli Soldier Dies in Ambush

By Herbert Denton

Washington Post Service

BEIRUT — Shells and rockets pounded commercial and residential neighborhoods of East Beirut Sunday as Christian militiamen and Muslim Druze fighters in the hills overlooking the capital exchanged hundreds of rounds of artillery in the predawn darkness.

At least two persons were killed and there was scattered damage to buildings and cars in the worst bout of violence between Lebanese in Beirut since the Israeli invasion last summer.

Later Sunday, an Israeli soldier was killed and four others were wounded when rocket-propelled grenades were fired at their ar-

mored unit patrolling just south of the city.

State and privately owned Lebanese radio and television reported that the mother of a Lebanese Army colonel and another person were killed when the Israeli patrol retaliated by leveling a nearby two-story house with machine-gun fire and tank shells.

(The Associated Press reported that the Lebanese National Resistance Front, a group that supports the Palestine Liberation Organization, had claimed responsibility for the ambush and vowed to "continue the armed struggle until every inch where an Israeli soldier stands is liberated.")

(An Israeli military spokesman said the attackers were operating

from an area that "in principle was supposed to be" under the control of the U.S. Marine contingent of the multinational peacekeeping force.

Captain Dale Dye, a Marine spokesman, said, "There was no activity whatsoever in our area."

The day's incidents increased fears in the capital, where acts of violence are often followed by acts of revenge, that the fragile calm that has existed in recent months was deteriorating.

Druze militiamen fired more than 150 shells into the predominantly Christian eastern sector of the city and nearby suburbs. The Druze later said the shelling was in retaliation for the 500 rounds the Christians had fired into Muslim villages in the mountains, killing

one civilian and damaging mosques and many homes.

The only death from the shelling reported in East Beirut was Clothaire Semex, a 70-year-old French priest, who was struck at the Brothers of Lazarus chapel in the Ashrafieh neighborhood.

Christian militiamen said the Druze had been assisted in the battles by Syrian guns farther east in the mountains, but at a Druze command post in Chouf, militiamen heatedly denied they had received help from the Syrians.

Police, meanwhile, said that the death toll had reached 30 in Friday's car-bombing of a building in eastern Lebanon, belonging to Yasser Arafat's al-Fatah Palestinian guerrilla group.

Japan Reportedly Nears Decision On Aid for Lebanon Peace Force

By Henry Scott Stokes

New York Times Service

TOKYO — The Japanese government is moving toward a decision to give up to \$20 million a year to help pay for the international peacekeeping force in Lebanon, Foreign Ministry sources said Sunday.

The request for funds for the 4,400-man force was made by U.S. Secretary of State George P. Shultz to Prime Minister Yasuhiro Nakasone in Washington on Jan. 20.

Officials said a final decision has not yet been reached, but Mr. Nakasone is understood to have ordered a decision soon on the amount to be given as Mr. Shultz is visiting Tokyo now and is expected to pass through Tokyo again at the end of a 12-day tour of Japan, China and South Korea.

Officials declined over the weekend to confirm a Tokyo newspaper report that the government will give \$20 million a year to pay for a

1,000-man battalion in the American, French and Italian peacekeeping force.

But they said the Foreign Ministry is negotiating with the Finance Ministry for the money. Press reports said the Foreign Ministry accepted a cut in its initial request for funds.

A diplomat said: "We are taking this matter up seriously... We are in the process of forming our response to this situation, but we have not yet arrived at a conclusion how much money is needed."

One reason the decision on the money could not be made at once is that Japan has not funded an international effort of this type since the end of World War II.

Joining in the peacekeeping effort in Lebanon is felt in Tokyo to involve setting a precedent for Japan to commit itself more deeply in international politics. Tokyo has previously pledged that the pacifist charter of 1947 implicitly prohibits

any military activities overseas or even financial aid for peace efforts.

Under Mr. Nakasone, such sentiments appear to have faded away. But the Japanese government may still ask, officials said, that funds be used for food, uniforms and medicine and not for ammunition or arms.

Officials said there is no question of Tokyo's sending troops to Beirut. Mr. Nakasone is said to be troops for Japan to send troops overseas for the first time in 37 years is out of the question, even for a peacekeeping force.

Meanwhile, the United States has advised Japan that Lebanon needs about \$15 billion to repair war damage and said aid would be welcome from Tokyo.

So far there have been no offers by Japan, and the Japanese government leans toward helping the peacekeeping force first, as a step that can be determined more quickly than aid.

Foes of Marcos, At Rally, Call for Free Elections

New York Times Service

MANILA — Opponents of President Ferdinand E. Marcos have called on him to permit free elections at a political rally of about 5,000 people.

The rally Saturday was organized by about 20 former leaders of legislative bodies that were abolished when martial law was imposed. City authorities had denied them a permit for the assembly.

Among those addressing the crowd was José B. Laurel, former speaker of Congress, who accused Mr. Marcos of betraying the nationalist aspirations of Filipinos. He challenged Mr. Marcos, who has been in power 17 years, to allow free elections and repeated opposition charges that the election held after the imposition of martial law in 1972 was rigged.

Another former senator, Rene Espina, warned of growing violence in various parts of the country because of the growth of rebel movements.

backing for even an agreement with the PLO was made clear by Crown Prince Hassan, who suggested in an interview that a special emergency Arab summit should be called to approve such a deal.

Bolivians Deny Nazi Is Charged

United Press International

LA PAZ — Authorities denied Friday that they had charged Klaus Barbie, a former Gestapo officer, with any crimes and said he could be released from jail "at any moment."

Federal prosecutors said they had only been investigating allegations that Mr. Barbie had trafficked in cocaine and organized paramilitary death squads in Bolivia. "At this time, no proof exists to be able to charge and submit him to another trial," said the prosecutor, Mario Rivero.

Mr. Barbie, 69, has been held since Tuesday, when he was arrested on grounds that he had failed to pay a \$10,000 debt to the state mining company. His extradition is being sought by West Germany. He is accused of being responsible for the death of a French resistance worker in Lyon, France, during World War II.

9 Journalists Killed In Peru Rebel Area

The Associated Press

AYACUCHO, Peru — Nine Peruvian journalists were killed in an area of Peru where guerrillas are active, the army command has reported.

The command said Saturday that the journalists apparently were mistaken for guerrillas by peasants near the village of Urchurucay, about 50 miles (80 kilometers) from Ayacucho. On Jan. 22, farmers in the area killed seven guerrillas with machetes.

For the government, too, the visit represents a high political risk. Most Peruvians believe that it was the pope's triumphant first visit, in June 1979, that gave the impetus to the anti-Communist, Catholic nationalism that led to the liberalization movement.

Mr. Powers said that he was aware that any phrase had been used. Moreover, he said, his counterpart on the Foreign Operations subcommittee had agreed that El Salvador be entitled to no more than \$10 million. The State Department gave its "tacit acceptance."

Efforts to get the State Department's version were unsuccessful. The Senate subcommittee member with whom Mr. Powers had dealt disputed Mr. P.

WORLD BRIEFS

U.K. Water Workers Reject Offer

LONDON (AP) — Britain's 29,000 striking water and sewage workers have voted to continue a walkout that has disrupted supplies of water to an estimated 5.5 million people, strike leaders said.

The chief union negotiator, Ed Newall, said Saturday that rank file workers overwhelmingly rejected an independent mediator's call for a 7.3 percent wage increase spread over 16 months. He did not disclose exact vote totals in the balloting by local union chapters.

The strikers, who walked off the job Jan. 23, have demanded a 10 percent pay increase on average weekly earnings of £136 (\$209). Employers accepted the mediator's recommendation.

France and Britain to Discuss EC

PARIS (Reuters) — The French external relations minister, C. Cheysson, plans to fly to London Monday for what is likely to be a bargaining over the European Community budget.

His talks with Foreign Secretary Francis Pym and Sir Geoffrey F. Howe, the chancellor of the Exchequer, over repayments to Britain from its community budget contributions will be taking place in an atmosphere of tension.

Britain wants to settle swiftly a dispute that has held up a rebate. European Parliament for what Britain believes to be unfairly high contributions to the 10-nation community. The French, while agreeing to a rebate, have rejected Britain's argument for a long-term cut in its contributions.

Mubarak Asks Investment in Egypt

NEW YORK (NYT) — President Hosni Mubarak of Egypt, on his visit to the United States, has appealed for increased American investment in his country.

Addressing a luncheon Saturday of the Egyptian American Chamber of Commerce and the Egypt-U.S. Business Council, Mr. Mubarak said: "There are no drastic changes of regulations" affecting business in Egypt. "We shall continue to stimulate foreign investment. Our door policy is here to stay."

The U.S. Department of Commerce estimates that the American investment in Egypt totals \$200 million, but Ahmed Zaki, executive director of the Egyptian American Chamber of Commerce, put the figure at about \$400 million and said it had been increasing in recent years. U.S. officials said Egypt particularly wants additional investment in manufacturing, particularly in textile plants, and in agriculture.

Navon Said to Reject Second Term

TEL AVIV (UPI) — President Yitzhak Navon of Israel told Prime Minister Menachem Begin on Sunday that he will not seek a second term, heightening speculation he might challenge Mr. Begin in the next parliamentary elections, Israel Radio said.

Mr. Begin, emerging from a 45-minute private meeting with Mr. Navon, said only that the Israeli president would make an official announcement about his future "very shortly." A spokesman for Mr. Navon said after the meeting the president might hold a press conference Tuesday or Wednesday.

The radio report did not say whether Mr. Navon, 61, would re-enter politics after his five-year term expires in May. New elections for the Knesset, or parliament, are not scheduled until 1985, but they could be called earlier.

Riots Mark N. Ireland Anniversaries

LONDONDERRY, Northern Ireland (AP) — After a night of rioting, 3,000 people marched peacefully through London Sunday to mark the anniversary of the so-called "Bloody Sunday," when British troops shot and killed 14 Catholic civil rights marchers.

Fourteen bands led the parade, and 14 youths carried wreaths to the names of those who died. After the rally, a small group of began hurling rocks and bottles at police. But a police spokesman described the incident as "very minor" and said there were no injuries.

Belgian Cabinet Split Over May

BRUSSELS (AP) — The Belgian government, meeting for a third consecutive day Sunday, remained deadlocked on the appointment of French-speaking mayor in a Dutch-speaking community of 4,000 residents.

Sources said that the mayoral appointment has split Prime Minister Wilfried Martens's Christian Democratic coalition partners along linguistic lines. That has fueled speculation of a crisis within the four-center-right coalition.

Interior Minister Charles-Ferdinand Nothomb, a French-speaking Christian Democrat, proposed José Happart, 35, as mayor of De 100 kilometers (62 miles) east of Brussels. Sources said Mr. Martens, a Dutch-speaking Christian Democrat, opposed Mr. Happart because of extremist views in the language issue.

For the Record

ISLAMABAD, Pakistan (Reuters) — The United Nations secretary for political affairs, Diego Cordovez, met President Babar Khan and Prime Minister Suleman Ali Kishtmand on Saturday in Kabul, radio said. The radio, monitored in Islamabad, gave no details of the talks. Mr. Cordovez is seeking a political solution to the Afghan problem.

TRIESTE, Italy (UPI) — Customs officials seized 48 metric tons (short tons) of contraband cigarettes on a train from Romania on Sunday. The officials said the cigarettes, estimated to be worth about \$4 million on the southern Italian black market, were hidden in bags purporting to contain coal.

U.S. Aid to El Salvador May Hang on a Phrase

By Raymond Bonner

New York Times Service

WASHINGTON — A new fight is developing over aid to El Salvador, with the House, Senate and State Department all disputing the amount that each of the others contends Congress authorized for that country.

The drafters of the legislation in the House insisted in interviews that only \$40 million in economic support funds was appropriated for El Salvador. But their Senate counterparts were equally emphatic that the amount was \$95 million. Adding to the confusion, El Salvador's ambassador to Washington, Ernesto Rivas Galloni, said Friday that the State Department had advised the Salvadoran government that the figure was \$105 million.

"If they try to get more than \$40 million, there will be major repercussions," said Edwin F. Powers, a senior staff member of the House Foreign Operations subcommittee, which is the starting point in the House for all foreign aid appropriations.

If El Salvador succeeds in getting more, it appears that much of the credit will go to the country's Washington lobbyist, Denis M. Neill, who outlined his strategy in a memorandum to Mr. Galloni.

Mr. Powers said that he was aware that any phrase had been used. Moreover, he said, his counterpart on the Foreign Operations subcommittee had agreed that El Salvador be entitled to no more than \$10 million. The State Department gave its "tacit acceptance."

Efforts to get the State Department's version were unsuccessful. The Senate subcommittee member with whom Mr. Powers had dealt disputed Mr. P.

Mr. Powers said that he was aware that any phrase had been used. Moreover, he said, his counterpart on the Foreign Operations subcommittee had agreed that El Salvador be entitled to no more than \$10 million. The State Department gave its "tacit acceptance."

Efforts to get the State Department's version were unsuccessful. The Senate subcommittee member with whom Mr. Powers had dealt disputed Mr. P.

Mr. Powers said that he was aware that any phrase had been used. Moreover, he said, his counterpart on the Foreign Operations subcommittee had agreed that El Salvador be entitled to no more than \$10 million. The State Department gave its "tacit acceptance."

Efforts to get the State Department's version were unsuccessful. The Senate subcommittee member with whom Mr. Powers had dealt disputed Mr. P.

هكذا من الأهل

White House Forced to Change Its Tone Amid Evidence of Economic Mistakes

By Leonard Silk

New York Times Service

NEW YORK — President Ronald Reagan's second State of the Union Message, delivered to Congress last week, and his Budget and Annual Economic Report, to be presented this week, are efforts by the administration to change its tone and correct some of the mistakes it made during its first two years.

The changes were forced on the administration by the evidence of those mistakes. The economy is in the deepest slump since World War II, with 12 million workers on the unemployment rolls and a couple of million more discouraged to go on looking for work. Conditions on the farm are the worst since the Depression. The prospective budget deficit for the current fiscal year is estimated at \$208 billion, with a string of big deficits to come. There is a loss of U.S. competitiveness in world markets and, at the crux of political-economic decision making, a loss of Republican congressional seats and gubernatorial mansions in the 1982 midterm election and the threatened loss of the White House in 1984.

In his address to Congress, Mr. Reagan acknowledged his economic concerns. "The state of our union is strong," he said, "but our econ-

omy is troubled. For too many of our fellow citizens this is a painful period. We must all do everything in our power to bring their ordeal to an end."

And, pursuing that theme in the one statement that provoked wide applause — wide because the Democrats had decided to dramatize

NEWS ANALYSIS

what they see as a significant ideological change — Mr. Reagan declared: "We in government must take the lead in restoring the economy."

Were those changes primarily of tone or substance?

Mr. Reagan clearly had changed his tone. He was taking a conciliatory, bipartisan approach to Congress, recognizing the need to mend fences, and not only with Democrats. Many rebellious Republicans, including moderates and conservatives, are upset by the economic and political results of his first two years in office. In short, the normal forces of democratic politics seemed to be moving a sharply ideological administration toward an effort to recapture the support of a broader constituency.

In Congress, Mr. Reagan would need that support to succeed in making the midcourse

correction — a "recalibration," as Martin S. Feldstein, chairman of his Council of Economic Advisors, called it in a recent interview — that might enable him to get home free with an economic recovery lasting at least through 1984 and without making major changes in his overall goal of reducing taxes, shrinking the social and regulatory role of the government and expanding its military budget.

But he had to give a little ground to his opponents and critics, including some within his own administration. Details of the Reagan budget broke just before the weekend. They showed a proposed \$848.5 billion in spending for fiscal 1984, an increase of \$43.5 billion from 1983 that would leave a \$189 billion deficit — assuming that the administration got \$43 billion in "savings" that it will be seeking from Congress.

Three-quarters of the increase in spending would go to the military, with defense going up from \$208.9 billion in 1983 to \$238.9 billion in 1984 and \$277.5 billion in 1985. That includes cuts of \$3 billion each year, which is unlikely to appease his critics. Under the Reagan plan, military spending would go up 9 percent next year, after allowing for inflation; at the same time, Mr. Reagan is proposing to cut domestic outlays by 3 percent after inflation.

His so-called freeze on social programs would trim \$19 billion for 1984. He assumes Congress will enact the recently proposed six-month delay on Social Security cost-of-living increases, for a \$12 billion saving. He also proposes to extend the cost-of-living freeze to Supplemental Security Income, Railroad Retirement, Veterans Pensions, food stamps and child nutrition. Farm price supports, which could top \$18 billion this year, would be frozen for a year, at a savings estimated at \$3.1 billion. And the administration is backing a plan to cut health care costs, with a freeze on payments to doctors and hospital reimbursement under Medicare.

With all these cuts in social programs — cuts that are likely to provoke attacks on the "equity issue" — Mr. Reagan says he is determined to hold on to the third year of the cut in personal income taxes voted in 1981 and to the provision in that bill that indexes taxes, starting the following year, to offset future inflation. But recognizing that the deficits in later years may be too huge for economic stability, especially if recovery is reasonably strong, the administration's budget plan also proposes a "standby" package of tax increases starting in late 1985, if the budget deficit exceeds 2.5 percent of the Gross National Product.

Even assuming Congress gives the president what he is proposing, not much deficit shrinking is likely in the next two years. The administration projects that this year's \$208 billion deficit would come down to \$189 billion in 1984 and then go up to \$194 billion in 1985. Only in the three succeeding years would the deficit come down more sharply, to \$177 billion in 1988.

On the basis of the administration's cautious growth projections — 1.4 percent in 1983, 3.9 percent in 1984, then 4 percent annually — unemployment is expected to average 10.7 percent this year, barely below the December 1982 rate of 10.8 percent, and to come down only gradually to 6.6 percent in 1988. From the 1940s to the 1970s, "full employment" was considered the equivalent of an unemployment rate of 4 percent. Mr. Reagan's economists now regard the "noninflationary" unemployment rate — one that will make the coming expansion "sustainable" — as between 6 percent and 7 percent.

Under the Reagan plan, the main move toward creating more jobs would come from the administration's fiscal policy and the Federal Reserve's monetary policy. Immediately, however, the administration is pushing a stimulative policy for recovery that promises to continue well into the 1984 presidential election year.

Paul A. Volcker, chairman of the Federal Reserve, told Congress this month that monetary policy, too, is pushing for recovery.

With this twin thrust, America is indeed likely to be "on the mend" during the second two years of Mr. Reagan's term. And, internationally, the administration will be pressing as well on its industrial allies, especially Japan, to open its markets more widely to U.S. goods and to restore what the president called "sustained non-inflationary growth" in the world economy, and on Congress, for a military budget to back a "realistic military strategy" to deal with the Soviet Union.

In the budget for 1984, the year made famous more than three decades ago by George Orwell, the United States, as the leader of Orwell's first great power, "Oceania," indeed confronts the two other great powers he foresaw: Eurasia and Eastasia. In the real 1984, the threat from Eurasia, the Soviet bloc, is military. That from Eastasia, led by Japan, is economic.

As he struggles to bring new order to his economic and military strategies, Mr. Reagan is seeking to deploy Oceania's resources against both these great powers. The budgetary issue, on which the nation focused last week, is whether those resources might be overstrained.

Democrats Said to Consider Opposition to Arms Nominee

By Walter Pincus

Washington Post Service

WASHINGTON — Democrats on the Senate Foreign Relations Committee are to meet this week to determine whether they will oppose, as a group, the nomination of Kenneth L. Adelman to head the Arms Control and Disarmament Agency, according to a Democrat on the panel.

The meeting was set, the senator said, because Mr. Adelman's performance at his confirmation hearing Thursday was considered "appalling" by several Democrats. Before the session, the senator said, no Democrat on the committee "had strong feelings" about the nominee, except Alan Cranston of California, who was critical of him.

The panel's chairman, Charles H. Percy, Republican of Illinois, announced, meanwhile, that he

would suspend final action on the nomination until the Reagan administration gives him a "date certain" by which it will deliver its final recommendations on modifying two agreements with the Soviet Union, the threshold test-ban treaty of 1974 and the nuclear-test treaty of 1976.

Under the treaties, the two sides agreed to limit underground nuclear detonations of weapons and peaceful devices to less than 150 kilotons, the equivalent of 150,000 tons of TNT.

Both sides have pledged to honor the agreements, although the Senate has not ratified either.

Mr. Percy has been trying since 1981 to get the administration to send the agreements to the Senate for ratification. In July, President Ronald Reagan announced that he would seek amendments to strengthen the treaties' verification

provisions, but the amendments have not been proposed.

A Senate source said Friday that Mr. Percy "lost his patience" Thursday when Mr. Adelman said that he did not know if he could get a decision by the administration on the treaties.

"There is no one within the administration who wants to champion either treaty," an administration official said Friday in explaining the delay.

Meanwhile, according to sources, a battle has been going on within the administration, with one group seeking to do away with the threshold agreement in order to test higher-yield weapons, and another group wanting to improve the treaty's on-site verification provisions. The latter group believes the Soviet Union has been violating the kiloton limitations.

The sources said Pentagon and Department of Energy officials are among the group that wants the threshold agreement to lapse so there can be a test of the MX missile warhead, which has a yield of more than 400 kilotons. The warhead is based on a design that was tested before the kiloton limitation took effect. Some nuclear scientists believe that, because of design changes, the yield cannot be certified without a new test at the warhead's full power.

The State Department spokes-

man, John Hughes, said Friday that a decision on the improvements needed to make the treaties acceptable would be ready "in the near future."

The amendments will require Soviet agreement, an official said.

On Friday, the United States rejected a Soviet proposal for a nuclear-free zone in central Europe as being unrealistic and not contributing to security and stability in Europe.

The Soviet Union said the proposal may be included in negotiations now taking place in Vienna.

At the confirmation hearing Thursday for Mr. Adelman, who is the deputy U.S. representative to the United Nations, Mr. Cranston described him as "clearly a novice in the arms-control field."

Mr. Adelman said that he had not thought about whether a limited nuclear war could occur or how he would respond if the Soviet Union proposed a verifiable treaty that called for the elimination of nuclear weapons.

One senator said his colleagues had been "shaken" by Mr. Adelman's performance.

The committee has scheduled another session with Mr. Adelman on Thursday.

New Storms Threaten California Coast

The Associated Press

LOS ANGELES — New storms were backed up over the Pacific "from here to Japan," threatening another week of the heavy weather that has killed 11 persons along the California coast, according to Richard Wagoner of the National Weather Service.

The fourth in a series of storms that has caused nearly \$71 million damage on the coast blew itself out Saturday as more homes collapsed into the rampaging surf.

Twenty-five homes have been destroyed and 3,528 damaged statewide since the storms began last week, said Anita Garcia of the

state Office of Emergency Services.

Nearly 2,000 coastal residents were evacuated during the week, many seeking refuge in 18 Red Cross centers, she said. Most were back home after the fourth storm, a bit milder than had been feared, ended dry early Saturday.

Protesters Want Miami Police Chief Fired in Killing That Led to Riot

By Edward Cody

Washington Post Service

MIAMI — Demonstrators confronted Miami's mayor Saturday with demands that he dismiss the police chief on grounds of racism and prosecute an officer whose shooting of a black youth set off street violence last month.

The demands at a special city commission meeting marked the most dramatic moment so far in a monthlong debate over how to prevent recurrence of the two days of racial unrest in Overtown, an area a few blocks from central Miami. One person was killed and more than 40 were arrested in those disturbances.

The meeting followed a six-mile (9.6-kilometer) protest march by about 150 demonstrators that began at a video games arcade where the shooting occurred Dec. 28, and ended at City Hall.

The protesters provided Miami and its leaders with a reminder that, despite civic euphoria over the Dolphins' participation in the Super Bowl football game Sunday, the Overtown disturbances remain a bitter memory in the dilapidated neighborhood where they broke out.

"What do we want?" the marchers chanted. "Justice, justice." Ray Fauntroy, local leader of the Southern Christian Leadership Conference, a civil rights group, asked Mayor Maurice A. Ferré for action on demands that the police chief, Kenneth J. Harms, who is white, be dismissed and that Luis Alvarez be indicted for shooting Nevel Johnson Jr., a 20-year-old black whose death touched off the violence.

Mr. Fauntroy's demand was

backed by a dozen other speakers who accused the city government of tolerating brutality against blacks and covering up for police crimes.

The city manager, Howard Gary, who is black, reminded the protesters that the state attorney alone has authority to determine whether Mr. Alvarez should be indicted. The city has conducted an investigation, he said, and State Attorney Janet Reno has promised a decision within two weeks.

"There has been no whitewash," Mr. Gary said. "There will be no whitewash."

Mr. Gary said he has chastised Mr. Harms for referring to "hoodlums" during the unrest. But he reaffirmed earlier refusals to dismiss him. Mr. Ferré said the city charter makes Mr. Gary the only official empowered to fire him.

Earlier this month, Mr. Ferré, while praising Mr. Harms on some questions, wrote a memorandum to the city commission that also accused him of doing too little to increase the police department's "sensitivity to minority and human issues."

When Mr. Ferré's criticisms became public, Mr. Harms said he pleads "not guilty to the issue of insensitivity." He added: "The community is going through a lot of aggravation. We don't need to be abused."

The Overtown violence broke out minutes after Mr. Alvarez shot and killed Mr. Johnson. Before it was over two days later, another black youth had been shot eight times and killed by police, allegedly for looting, and about 45 people

mostly young Overtown blacks, had been arrested.

The police said Mr. Alvarez and his partner, Luis Cruz, had seen a gun in Mr. Johnson's belt and were seeking to disarm him. First indications were, police spokesmen said, that Mr. Alvarez's revolver was fired accidentally. According to the police account, Mr. Alvarez said he saw Mr. Johnson make a sudden movement, as if he were trying to draw the gun.

By the time the street violence subsided, it had become known that Mr. Alvarez and Mr. Cruz were outside their assigned patrol area during the arcade visit. Mr. Harms described this as a violation of police procedure.

Since then, Mr. Alvarez, citing advice of his lawyer, has refused to testify to investigators on how he fired the fatal shot. He has been relieved of duty, with pay, pending the outcome of the investigation. Mr. Cruz was relieved from duty two weeks ago, after a superior officer discovered him secretly recording their conversation with a device hidden under his uniform.

Bomb Explosion in N.Y.

Reuters

NEW YORK — A bomb explosion in the New York City borough of Staten Island on Saturday caused extensive damage to a two-story building housing an office of the Federal Bureau of Investigation, the police said. There were no injuries. An organization calling itself the Revolutionary Fighting Group claimed responsibility. The police said they had no information on the group.

U.S. Studies Bases as Housing for Poor

By Robert C. Toch

Los Angeles Times Service

WASHINGTON — Under orders from the White House, the Department of Defense and other federal agencies are examining the feasibility of housing some of the nation's poor and homeless in unused or underused government facilities.

"Some responses are already back, and we expect to examine them and discuss the possibilities here next week," Mort Allen, deputy presidential press secretary, said when he was asked about the plan.

Mr. Allen said the proposal originated with a group of private charities, which suggested the idea to the President's Task Force on Private Sector Initiatives. The task force seeks greater participation of private companies and agencies in such areas as welfare with the goal of supplementing or replacing federal programs with private efforts.

President Ronald Reagan's request before Christmas that small companies across the United States hire one or two unemployed persons was an example of the task force's work. Another was Mr. Reagan's recent appearance on television in support of TV "job fairs" in which potential employers and unemployed individuals are brought together in a public service by television stations.

The military services are in the process of identifying camps and bases that might be used to house the homeless. One department official said it was "a sticky issue," because federal appropriations for the armed services cannot be used without a special congressional exemption. Problems involved in permitting access to military installations by civilians without security clearances also must be solved, he said.

However, U.S. military bases

were used to house some of the almost one million refugees who fled from Cuba in the spring of 1980, which indicates that such problems are not insurmountable.

It was not known how many persons would be candidates for such housing and care. Who would provide transportation to the camps and necessary services, including food and medical care, were among the questions being explored, an official said.

Mr. Reagan, appearing briefly at a White House luncheon attended by administration officials and reporters Friday, said he recently had taped a talk for five television stations publicizing the "job fairs."

"The next day they got jobs for 5,200 people," Mr. Reagan said he was told. "All over the country local television stations are going to do the same thing."

WE SPREAD THE WORD IN EUROPE



The Wall Street Journal's distinctive combination of in-depth coverage of world business and financial news, analysis and ideas has made it America's most valued business publication.

From today The Wall Street Journal/Europe will extend this tradition by providing the European business community with news of Europe and news of the world in the Journal's unique style and format.

The Wall Street Journal/Europe will have its editorial headquarters in Brussels, be printed in Heerlen, The Netherlands and will be on the newsstands in the main European commercial centres on the day of publication.

XP plays a vital role in this considerable feat of international publishing. Our job is to pick up the copies as they roll off the presses and deliver them within hours to destinations as far apart as Manchester and Milan.

Distributing The Wall Street Journal is a big responsibility because there is nothing

so stale as yesterday's news. But it is only different in scale from the kind of work we handle all the time.

XP's speciality is the overnight transportation of small parcels to any of 1500 European destinations in the XP network.

Collected from your address in the late afternoon, delivered to the addressee's door next morning, XP Express Parcel Systems is as reliable as your morning newspaper.

Like to know more about what XP can do for you?

Complete the coupon and send it off today. To mark the occasion we'll send you a free copy of The Wall Street Journal/Europe.

Please send me your FREE international service guide and a complimentary copy of the Wall Street Journal/Europe

XP

Name: _____
 Position: _____
 Company: _____
 Address: _____
 Postal code/city: _____
 Telephone: _____

To: XP Express Parcel Systems Ltd., Building 90, Perchard way, Luton, LU2 9PA

XP GUARANTEE OVERNIGHT DELIVERY TO 1500 EUROPEAN DESTINATIONS
 London 01-4073525, Luton 0582-42921, Birmingham 021-7714772, Manchester 061-8323333 or Customer Service Department Freephone 3738

Naples Resisting Organized Crime

Marches, Strikes Protest Camorra's Violent Influence

By Don A. Schanche
Los Angeles Times Service

NAPLES — "We're fed up. The city is on fire with exasperation," said the burly Neapolitan driver, pointing from his taxicab window down deserted streets where not a single coffee bar, restaurant, store or small business was open.

"Naples has finally finished with being walked over by the criminals," Bishop Antonio Riboldi said.

Both men spoke with deep satisfaction — and hope — about the unparalleled public outrage in the Naples area for the past two months against the local Mafia-like criminal organization, the Camorra.

For two days last week, almost every artisan and commercial operation in Naples and more than a dozen surrounding towns shut down to protest the mob extortionists who collect an estimated \$2 billion a year from activities ranging from big-time drug traffic to petty shakedowns.

Twice since last month, about 15,000 young people, most of them university and secondary school students, marched on the medieval castle of Don Rafael Cutolo, a mob boss, in the Camorra-controlled town of Ottaviano on the slopes of nearby Mount Vesuvius.

Like the better-known Mafia in Sicily, to which it is loosely tied, the Camorra makes life hell for the citizens who have been forced to live with it.

"Almost everyone has been forced to pay 'protection' by the extortionists," said Sergio Capoece, secretary general of the shopkeepers' association that called the two-day protest strike last Wednesday and Thursday. "The situation has reached completely unbearable proportions."

In addition to the extortion racket, Camorra mobsters control as much of Italy's drug traffic as the Mafia does in Sicily, hold heavy investments in the local construction industry and run huge commercial networks specializing in contraband commodities.

According to Judge Italo Barbi-

Brandt, Kohl Reflect On Hitler's Accession

United Press International

BERLIN — West Germany must always remember its past to secure its future, West German Chancellor Helmut Kohl said Sunday in a ceremony marking the 50th anniversary of Hitler's accession to power.

Mr. Brandt said that Germany would be lost if it attempted to run away from its Nazi past. "To forget would be to fundamentally damage our future," he said in the ceremony at the Reichstag in West Berlin.

Germany could not simply wipe away 12 years of its history under Nazi rule and pretend it did not happen, he said. "I say to all young people distrust all those who invite us to forget our history or flatter us. The danger lies in silence, which would provide a hiding for the guilty and rob us of the weapons we need to make a future."

Chancellor Helmut Kohl, in a long speech at the same ceremony that sketched the events leading up to the accession of Hitler, the beginning of dictatorship and the world war, laid heavy emphasis on the grief Germans felt about the Nazi period.

"We are moved with grief for the victims, the cities and the countries laid waste, the murdered, the martyred, the fallen, grief over the damage to European peace, grief about the divided German nation," Mr. Kohl said.

He said that military victory during the war was followed by the mass murder of millions of European Jews. "How many tears, how

much sorrow was caused. How many prayers and dearest wishes rose to heaven as inhumanity triumphed... The name of Germany was disgraced before the eyes of humanity," Mr. Kohl said.

More than 50,000 people demonstrated Saturday on the eve of the anniversary, marching through West Germany's major cities.

In East Berlin, thousands of Germans led by the Communist Party leader, Erich Honecker, marked the date by laying wreaths on the memorial on Unter Den Linden in memory of the victims of fascism and the 50 million dead of World War II, the official press agency, ADN, said.

Guerrillas Kill Italian Guard

The body of Germana Stefanini, 57, a guard at Rebibbia Prison, was found in the trunk of a parked car, above, in the southern part of Rome after leftist guerrillas kidnapped her. Police said Saturday that the guard was killed with one pistol shot to the head on Friday. The killing was claimed by the Armed Proletariat Power. The Rome newspaper *Il Messaggero* published a picture, right, found near the car, of a "peoples trial" conducted by the guerrillas at her apartment.



Rise in Poll Buys Bundestag Hopes of Genscher's Party

By James M. Markham
New York Times Service

BONN — The small Free Democratic Party, junior partner in the governing coalition, ended a two-day congress Sunday buoyed by opinion polls that for the first time show it winning almost enough votes to remain in the Bundestag, the country's parliament, after the March 6 elections.

The two days of speechmaking and deliberations in the southern city of Freiburg appeared to have smothered the quarrels between the party's right and left wings that

marred a similar gathering in West Berlin in November.

The Free Democrats' morale and public standing dipped precipitously after the party abandoned Chancellor Helmut Schmidt in September, bringing Chancellor Helmut Kohl and his conservative Christian Democrats to power in a parliamentary switch. Many left-wingers left the liberal Free Democratic Party in protest.

In a keynote speech at Freiburg, Foreign Minister Hans-Dietrich Genscher, the party chairman, sharply attacked the opposition Social Democrats and warned that an alliance between them and the radical

Green party would lead West Germany on a neutralist course out of the Atlantic alliance.

But he also argued the need for the Free Democrats to balance the coalition against elements in the Christian Democratic party that opposed détente with communist Europe and wanted "to turn back the wheel of history."

Mr. Genscher was alluding to the right-wing Bavarian leader, Franz Josef Strauss, who has undisputed aspirations to supplant him as foreign minister.

Mr. Genscher charged that the Social Democrats were willing to accept a Soviet monopoly of medium-range nuclear missiles aimed at Western Europe while obliging NATO to abandon its efforts to match this threat. "That would not create conditions for peace in Europe, but would uncouple Western

Europe from the United States," he said.

The foreign minister joined a majority of the 400 delegates in Freiburg in passing a motion demanding that the planned sites for U.S. Pershing-2 and cruise missiles be made public. So far, the government has insisted on keeping them secret, to prevent the kind of demonstrations that have occurred in Italy and Britain against deployment.

Only 27 delegates opposed a motion in favor of continuing the coalition with the Christian Democrats.

The Free Democrats' improvement in the polls appears to stem from their targeting a following of liberal-minded, upper-middle class West German voters who see the party as guarantor of a free-market economy and a deterrent against

Rigid Sofia Becoming A Major Center for Drug, Arms Smuggling

By Henry Kamm
New York Times Service

SOFIA — Sofia, known as one of the most restrictive Communist capitals, has in recent years gained the paradoxical reputation of also being one of the focal points of high-living international crime syndicates.

Until recently that was common knowledge only among those specialists in other countries whose expertise concerns illegal traffic in narcotics and arms, as well as smuggling in nonlethal commodities. Now, with investigations into reports that this international underworld may have been involved with Mehmet Ali Agca in a plot to kill Pope John Paul II, some information is becoming available.

American, Turkish and Western European specialists have, over the years, compiled a body of evidence and information indicating that Sofia, situated on the principal land route from Europe to Turkey and the Middle East beyond, is a major center where merchants and agents, couriers and carriers, meet, strike a deal, and dispatch the goods.

The merchandise is varied — heroin from poppies grown in the wild mountains of Afghanistan, Pakistan, and Iran destined for Western Europe, arms and ammunition, mainly from communist countries, for the Middle East, Turkey, and terrorists in Western Europe; American and Western European cigarettes with many destinations; and watches, tape recorders, cameras, and electronic toys headed for the Middle East.

The large fleets of trucks that carry the produce and fruits, in which the Balkan countries are rich, to the prosperous societies of Western Europe are the principal conveyances; but ships from Black Sea ports, and trains, carry their share.

Whenever diplomatic, narcotics, and customs officials from other countries raise the issue, Bulgaria protests its unawareness, requests specific information and, by and large, according to such officials, does little to intervene. As a result, governments with an interest in interdicting the illicit commerce have concluded that Bulgaria, which has always maintained notable control over its territory and all who live or travel within it, is allowing the traffic to flourish.

The reasons for that are the subject of much speculation. They are evidently political in the case of arms shipments to organizations that Bulgaria supports. Israeli intelligence officials assert that 80 percent of the huge hoard of weapons and ammunition that its army captured from the Palestine Liberation Organization in Lebanon reached there from the Bulgarian port of Varna.

Many diplomats also attribute Bulgaria's suspected tolerance of the narcotics traffic to political motives. They believe that Bulgaria, as the Soviet Union's most faithful follower, considers that anything bad for the West, such as drug addiction among its youth, is good for the Soviet bloc.

Corruption is another possible reason speculated upon, and some diplomats believe that Bulgaria and other communist countries critically short of convertible currencies tolerate the illegal activities

and trafficking in return for a part of the profits.

Most of the Western press Bulgaria centers on the press of narcotics smugglers. West many is the principal desire for heroin that crosses Bal and the United States, although not now on this trade route, that it may be someday.

Countries have made frequent representations to Bulgaria that they supply intelligence that enable Bulgaria to intervene in the smuggling section of the customs service and the principal of Western narcotics of complained that the United did not provide useful information, a contention denied by U.S. officials here and elsewhere.

He said in an interview that U.S. ambassador, Robert L. Campbell, to him last July the Hotel Vitosha-New Otani meeting place of smugglers urged the authorities to action. "He had no facts," Mr. Campbell declared.

Mr. Zverkov also said that were no undercover agents watch suspects, a surprising ment in a nation known for its quent and obvious surveillance, diplomats and journalists.

"We do not believe the U.S. needs help from the States to learn what third-nationals resident in Sofia, doing," the U.S. ambassador described the flow of narcotics intelligence to Bulgaria as "way street."

Narcotics specialists are ering the possibility that B may use intelligence from it to help, rather than hind, traffic. This may eventually the flow of especially sensitive information to Sofia from V authorities.

Turkish officials said six en major Turkish smuggling may operate from here. A black market that offers as triple the official rate for the money allows smuggle their agents and carriers cheaply but in high style, able at the Vitosha's 19th floor — with \$5 minimum — the blackjack tables.

Senior Interior Ministry in Bonn said Palestinian an anese often served as couriers from here to West ny, Europe's major drug. The Vitosha, an affiliate New Otani Hotel, one of largest, is a meeting place for Arabs, both its occupants many who spend long hours vast lobby.

Since Bulgaria last mo tained a longtime resident Celenk, a Turkish busin wanted by Italy on suspit complicity in the attempt sinate the pope and by Tu connection with arms fiscal, and currency offense mats have noted the sud sence from the hotel of ma suspected traffickers and who used to make little e hide their weapons while i in the public rooms.

Among the missing are Yugoslavs, and Arabs. So believed to have moved to communist countries, other Arab world.

THE INTERNATIONAL MANAGEMENT NETWORK

REACHES MANAGERS more effectively

	publication	country	readership
EUROPE			
INTERNATIONAL MANAGEMENT	monthly	multinational	227,000
ACTUALIDAD ECONOMICA	weekly	Spain	280,000
ESPANSIONE	monthly	Italy	267,000
FAKTA	monthly	Finland	68,000
FARMAND	weekly	Norway	172,000
INDUSTRIEMAGAZIN	monthly	Germany	127,000
MANAGEMENT TEAM	monthly	Netherlands	217,000
MANAGEMENT TODAY	monthly	U.K.	142,000
MANEDS BØRSER	monthly	Denmark	128,000
VECKANS AFFÄRER	weekly	Sweden	300,000
Total Audience			1,928,000
PACIFIC			
INTERNATIONAL MANAGEMENT	monthly	multinational	274,000
AUSTRALIAN BUSINESS	alt. weeks	Australia	200,000
NKKEI BUSINESS	alt. weeks	Japan	412,800
INTERNATIONAL INDUSTRIAL	alt. months	China	750,000
Report & Buyer's Guides			1,636,800
AFRICA/MIDDLE EAST			
INTERNATIONAL MANAGEMENT	monthly	multinational	255,000
ALAM AL IDARAH	monthly	In Arabic	336,000
Total Audience			591,000
LATIN AMERICA			
INTERNATIONAL MANAGEMENT	monthly	multinational	573,000
Total Audience			4,728,800

CALL IN THE INTERNATIONAL SPECIALISTS TO TELL YOU MORE

London: Richard Harradine, Senior Accounts Manager, UK, Benelux & Greece, Peter Welland (District Manager, UK & Scandinavia), 34 Dover Street, London W.1, Tel: 01-493-1451

Paris: Muriel Bardon-Tenenbaum, 17 rue Georges Bonet, 75118 Paris, Tel: 720-3342

Milan: 1 Via Baracchini, Milan 20129, Tel: 86-30-617

Frankfurt: Ulgard Oettinger, (District Manager, Germany, Switzerland & Austria), Dieter Rothenbach (District Manager, Eastern Europe), Liebigstrasse 27C, Frankfurt/Main 6000, Tel: (0611) 72-01-81

Lisbon's Crisis Stalls Base Talks With U.S.

By John Darnton
New York Times Service

LISBON — Portugal's government crisis has stalled negotiations with the United States on the status of a strategic air base in the Azores and on a U.S. request for its first military installations on the Portuguese mainland.

The four-year lease of the Lajes Air Base in the Azores, regarded by U.S. military experts as an important refueling stop for planes sent to Europe, the Middle East and Africa, expires Feb. 4. If, as seems likely, a renewal agreement is not ready then, an extension of one year can take effect.

With a caretaker government in charge, negotiations for mainland installations are more problematic. According to official Portuguese sources, Washington has asked permission to build a satellite-tracking station and to use several bases on the mainland in exchange for more military aid.

Under the current agreement the United States gave Portugal \$60 million in military aid. In a related agreement it has also given \$80 million in economic aid in the past four years to the Azores, a mid-Atlantic archipelago first used for bases by the British in World War II. President Ronald Reagan is seeking to increase military aid to Portugal to \$90 million this fiscal year, a 50 percent increase.

Prime Minister Francisco Pinto Balsemão's resignation in December, because of fighting in his right-parliamentary coalition, plunged the country into political uncertainty. President Antonio Ramalho Eanes has called an early general election and has asked the caretaker government to remain

long enough to pass urgently needed legislation. Mr. Balsemão agreed to remain in office temporarily but has questioned whether a caretaker administration can pass major bills, including an austerity budget.

In addition to leaving ministries without operating money, the crisis has stopped progress on several important issues, including talks on Portugal's entry into the European Economic Community and on a loan from the International Monetary Fund.

The military agreement with the United States, which started in 1951 and was renewed four times, is a major source of military and economic aid. Formal negotiations for renewal began in Lisbon Dec. 6, but a subsequent session set for Jan. 10 did not take place because of the political situation.

Complicating the negotiations, from the U.S. standpoint, is the Portuguese insistence on reaching agreement first on the Azores base and then dealing with the other requests.

In return for granting the other requests, Mr. Balsemão said in an interview, his government wants help re-equipping the armed forces and a comprehensive labor agreement for people working in the bases. The American negotiators are expected to argue that the administration has a better chance of persuading Congress to go along with a package agreement covering both the Azores and the mainland installations.

The situation with regard to U.S. access to bases in Spain appears to be a major factor in the Portuguese negotiations, with Washington searching for possible alternatives now that a Socialist government has taken over in Madrid.

A new five-year agreement that gives the United States the right to station 12,000 military personnel at four bases in Spain was signed in July 1982 by the previous government but has not been ratified by the Spanish parliament. The Socialist government has indicated a willingness to follow through on it provided some modifications are made. Most of them refer to provisions in the draft agreement tied to the North Atlantic Treaty Organization. The new government has frozen Spain's integration into the military structure of NATO while it examines the question of whether or not to join the alliance.

UN Drug Panel Find Production, Use Growing

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, New York — The production and use of illegal drugs is growing throughout most of the world, breeding violent crime and threatening political stability, a United Nations agency reported.

The International Narcotics Control Board in Vienna warned that the vast sums earned from the traffic swamped the resources devoted to suppressing it. Although governments have increased their cooperation to curb the trade, the study said, they have simply inspired smugglers to find "more ingenious methods and new routes."

The board singled out what it called the uncontrolled production of cocaine, particularly in Peru and Bolivia, as a new source of serious concern.

The findings appeared Friday in the annual survey of the board, which consists of 13 academics, scientists and lawyers who report to UN agencies charged with overseeing international treaties on narcotics.

The 32-page document reported a few advances, notably attempts by Turkey and Mexico to halt the cultivation of poppies, from which heroin is derived. But these isolated instances were outweighed by the catalogue of setbacks.

In the past two years, the study said, abundant harvests in the so-called Golden Triangle, where the borders of Burma, Thailand and Laos meet, have fed the stream of illegal opium, morphine and heroin. While Burma has stopped poppy growing in the south, cultivation in the north and east has rapidly increased. Hong Kong is described as the hub of the financial operations for the trade.

Afghanistan is cited as another important source of the poppy, which is refined in illicit laboratories along the border with Pakistan, then shipped to Western Europe. There, the report said, "heroin is readily available, purity is generally high, prices have fallen and the

number of abusers is c able." The board expressed concern over the deepening crime in the trade by crime in Italy.

But it is the rapid recent cocaine production in the that has emerged as a major threat. The growth of the undermining the economy governments of producers, ibean nations financing a ping the drug and even of ing countries such as the States, the study said.

It reported a "stagger supply of coca leaves," the terial in Bolivia and Peru pointed Colombia as the illegal refineries. The stud ed Peruvian authorities w to curb the trade but imp Bolivia has done little.

Despite a sharp increa cane abuse in the Unite where it was estimated it than 4 million people, hal between 18 and 24 years o the drug, the report found nabis is losing its appeal a young. The percentage school seniors who describ selves as regular users fell percent in 1978 to 7 pe 1981, the report said.

The report did not, how cuss other surveys sugges alcohol may be replacing na. Moreover, for the States as a whole, cannal most widely abused drug with the number of users e at 22.5 million.

The report did not taba abuse of alcohol or tobacc

Paper Retracts Story About FBI Mix-Up

Reuters

BOSTON — The Boston Globe has retracted a report that an impromptu visit by President Ronald Reagan to a pub here scuttled a stakeout by the Federal Bureau of Investigation.

The newspaper issued a statement Friday saying that, after further investigation, it had concluded that its account of "a mix-up between the FBI and the Secret Service" that spoiled an FBI trap for a criminal suspect was inaccurate.

London: Richard Harradine, Senior Accounts Manager, UK, Benelux & Greece, Peter Welland (District Manager, UK & Scandinavia), 34 Dover Street, London W.1, Tel: 01-493-1451

Paris: Muriel Bardon-Tenenbaum, 17 rue Georges Bonet, 75118 Paris, Tel: 720-3342

Milan: 1 Via Baracchini, Milan 20129, Tel: 86-30-617

Frankfurt: Ulgard Oettinger, (District Manager, Germany, Switzerland & Austria), Dieter Rothenbach (District Manager, Eastern Europe), Liebigstrasse 27C, Frankfurt/Main 6000, Tel: (0611) 72-01-81

هكمان النحل



LETTERS TO THE EDITOR

Overlooked Skellum

Regarding "Language: A Mixed Bag" (JHT, Jan. 3):
"Skellum" is indeed "a beast of a bit of slang," I'm surprised, though, as a Scots, that William Safire failed to quote, or refer to, the beast as used by Robert Burns in "Tam O' Shanter":

She tauld thee weel thou
was a skellum.
A blitherin', blitherin', drunken
bellum.

And what a beast of a rhyme:
WILLIAM T. MCKINNON,
Norwegian School of Economics
and Business Administration,
Bergen-Sandviken, Norway.

Cheeseballs to Come

Regarding "A Bomb in the Pot" (JHT, Jan. 3):

Let me add: This brave attempt by Ann-Britt Platt to remedy the cheeseball problem may leave a few lumps in readers' stomachs. Salad is fine with fondue, but only in the form of grass administered to the cow two or three years before consumption of our controversial specialty.
The preparation and eating of fondue is an elaborate ritual with

Coffee and Marriage

Regarding "For the Egyptian Love Comes After Marriage" (JHT, Jan. 12) by David Lamb:
The reference to the tradition of serving coffee to the prospective bridegroom, and to the oiled, aproned, of the coffee's quality, reminds me of a popular Arab proverb which likens the requirements for good coffee to those for a good husband: "It (he) must be strong, hot, sweet and brown."

DERREKA KRISHNAN,
Lausanne, Switzerland.

The Fleeting Dance

Regarding "Taking Steps to Save the Dance" (JHT, Jan. 21):

I have long been fascinated by dance as an art form simply because of its lack of permanence. I

once studied with a composer who felt that the greatest detriment to the advancement of music was the invention of a form of notation; it encourages the inclusion of longevity as a quality of great art, which, of course, it is not.

Because of dance's lack of permanence, the dance audience has been educated to accept and understand a work by Cunningham or Thorpe, while the equivalent audience for music by Cage or Newmans or even lives. In other words, because of its lack of permanence dance has been allowed to grow and flourish while music remains firmly entrenched in the 19th century.

I admit that there is a certain academic curiosity about how the original production of "Swan Lake" might have looked, but the attempt to recreate such a work would be as futile and ridiculous as trying to envision the original performance of a Bach variation by having the piece performed on an instrument of the period.

The original reception of a work involves a great many social, personal, one-time elements that can never be fully recreated. It seems to me that the time involved would be better spent in exhibiting and developing the art of our own time, as dance is forced to do.

Longevity in art is important to a certain majority because we have been trained to understand only the brilliance of art 50 to 100 years after its conception. In the right frame of mind we could learn to accept our own time as important.

RODNEY VACCARO,
Golfe-Juan, France.

One-Woman Band

Regarding "Women Breaking Symphony Gynophobia Bars" (JHT, Jan. 22) by David Henikman:

It would be interesting to learn when Doris Anthony Dwyer took up the clarinet. She remains one of the finest flautists in the country.

ELIZABETH BALLARD,
Roscoff, France.

Good Aftertaste

May I ask Lauren Berdy (Letters, Jan. 24), who draws a simile between Mr. Root's writing on food and Henry Miller's "Food for our souls," how come I never felt nauseated after reading a Waverley Root article?

SAM WELLER,
Zurich.

\$82,883 Question

As a student who is disavowing at the rate of \$12,500 per annum, I would love to know who it is that gives International Herald Tribune readers an average annual income of \$70,383.

ANDREW TAUBER,
London.

Soviet Cracking Down On Shirkers and Graft

Campaign by Andropov Regime Considered Toughest Since Stalin

By Dusko Doder

Washington Post Service

MOSCOW — The new Soviet leadership under Yuri V. Andropov is mounting a law-and-order campaign on a scale not seen here since the days of Stalin.

The government's attack on absenteeism and corruption during the past few weeks, according to longtime Moscow residents, is comparable to, although less brutal than campaigns carried out during the late dictator's rule.

Apparently trying to make it clear that he means business, Mr. Andropov has sent vigilantes to virtually every major public establishment, from movie theaters to public baths, to search for those who had improperly taken time off from work.

The vigilantes are Communist Party members deputized for limited duties and assured of police support.

A reported raid on the Sandunovskiy Bath, a favorite haunt, was the talk of Moscow. According to various reports, the vigilantes and police sealed off the bath at midday and found hundreds of persons, including some high-ranking bureaucrats, who were unable to provide a convincing explanation for absence from their desks. People caught were not arrested, but their names were taken for forwarding to their superiors.

The other aspect of the current campaign is the struggle against corruption and illegal profiteering.

Senior police officials announced two weeks ago that they had developed a new information system to allow them to carry out "preventive" activities in "practically every apartment building" in the city. The system provides the police "not only with the basic demographic data" about inhabitants of these buildings but also with "evidence" about people engaged in violations of "the socialist norms of social life."

For the first time, the Soviet media have begun to question the source of wealth of some members of the elite. Pravda recently carried several articles about high-ranking party officials misappropriating state funds to build country homes for themselves and to purchase various luxury items. Another Moscow newspaper charged that party officials were using their membership in the Communist Party as a "permit" for personal enrichment.

Mr. Andropov appears to be using the law-and-order issue to gain time while new economic measures are being prepared for the next plenum of the party Central Com-

mittee. The drive seems directed at two crucial problems.

One is the long-entrenched looseness of labor discipline, which seems to grow out of the nature of the Soviet economy and is a major factor in shortages, poor-quality goods, delays in services and overall inefficiency.

The other is corruption and illegal private dealings that form the basis of a thriving underground economy. As Soviet society grew more affluent in the 1970s, the underground economy became a lubricant for the rigidity of the centrally planned system, providing access to goods and services for those who have either money or important connections.

The two activities are linked to the extent that they have produced a complex network of payoffs throughout the society. A Moscow taxi driver writing in the weekly Literaturnaya Gazeta recently said he regularly has to bribe police, mechanics, the taxi dispatchers and various inspectors just to hold his job.

What economic tools the government is preparing to deal with the situation is not clear yet. However, while the vigilante raids are apparently a temporary measure to shock the nation out of its lethargy, the law-and-order drive is expected to continue.

Judging by the press comments and letters to the editor, the authorities appear to be generating support for their actions at the grass roots. Since absenteeism has become a risky business, long food lines have become noticeably shorter, barber shops are not crowded at mid-morning, and it has even become pleasant to take a ride on a Moscow city bus.

If there is opposition to the measures, it is only visible among shop managers and sales personnel. The manager of a hairdresser's recently was complaining that her shop was empty one morning when it would have been full a few months ago.

Extended Shopping Planned

The Moscow city government is drawing up a schedule for longer shop hours that will come into effect within months. The Associated Press reported.

The newspaper Evening Moscow said Saturday that the Moscow executive committee's department of communal services "plans concrete measures for establishing needed order in the work of subordinate enterprises so as to more fully and better satisfy the needs and demands of Muscovites in public services without damaging their labor productivity."



Prime Minister Indira Gandhi meets with three new cabinet members. From left are Vijaya Bhaskar Reddy, minister without portfolio; Vishwanath P. Singh, minister of state for commerce; and Buta Singh, minister of works, housing, and parliamentary affairs.

Gandhi Names 12 New Ministers After Taking 7 of 60 Resignations

By William K. Stevens

New York Times Service

NEW DELHI — Prime Minister Indira Gandhi has begun to repair her Congress Party's deteriorating political position by formally accepting the resignations of seven central government ministers and appointing 12 new ones, some to newly created posts.

The dismissals and appointments, on Saturday, were the first of several that are expected to take place as part of Mrs. Gandhi's response to major electoral reverses earlier this month.

Friday, in a sweeping act never before undertaken in the history of the Indian republic, all 60 members of the nation's Council of Ministers, except Mrs. Gandhi, submitted their resignations. This included the 19 senior ministers who made up the cabinet. The resignations gave Mrs. Gandhi a free hand in trying to reorganize her government and recoup the fortunes of her embattled party.

For the first time since India became independent in 1947, the Congress Party was defeated in elections Jan. 5 in the southern Indian states of Andhra Pradesh and Karnataka. The stunning losses in the two Congress strongholds were generally attributed to the belief among voters that too many Congress Party officeholders were incompetent, insensitive to constituents' needs or corrupt.

The losses dramatized what is widely recognized as a progressive weakening of the Congress Party organization, which now has not

been able to win a majority in the last eight state elections, all of which have taken place since Mrs. Gandhi returned to power in 1980. A ninth election, in the union territory of Delhi, is scheduled for Feb. 5, and the Congress Party is generally believed to be in serious difficulty in that election as well.

The question of the day in New Delhi is whether Mrs. Gandhi will be able to repair the situation well enough to ensure that her party will retain national power in the next general election, which must be held by January 1985.

In addition to the shakeup in the Council of Ministers, four of the five Congress Party general secretaries have also resigned. Some chief ministers in states controlled by the Congress Party are expected to be replaced as well.

But with the reorganization barely under way, political analysts and commentators were raising doubts about the ultimate effect of the changes. Mrs. Gandhi, they said, has systematically stripped the Congress Party of much talent over the years in an attempt to discourage challenges to her dominance.

G.K. Reddy, a newspaper commentator, expressed part of this concern in an article Saturday in a paper called The Hindu.

Mrs. Gandhi, he wrote, "is left with a relatively limited option in giving a new look to her cabinet because of the paucity of talent in the party for replacing incompetent or controversial colleagues who have brought [sic] bad name to the government. Despite all the

talk of drastic changes, it is more likely that she will not be able to go in for more than a medium shake-up at this stage."

On Saturday, Mrs. Gandhi appointed three new members to the cabinet, or senior inner circle of the Council of Ministers, and two of them in some ways seemed to illustrate the difficulty Mrs. Gandhi might have in finding new faces and new talent.

One, Vijaya Bhaskar Reddy, was chief minister of Andhra Pradesh and led the Congress Party to its first electoral defeat in that state. The other, Vishwanath Pratap Singh, resigned last year as chief minister of the state of Uttar Pradesh after admitting his failure to maintain law and order there.

The third new cabinet member is Buta Singh, who was promoted from a second-level ministerial position after he organized what was widely thought to be a well-run Asian Games spectacle last fall.

Opposition leaders here, in the middle of their campaign against the Congress Party in the Delhi elections, have seized upon the difficulties of Mrs. Gandhi and her party. A.B. Vajpayee, the president of the Bharatiya Janata Party, the Congress Party's main challenger in New Delhi, said Saturday that Mrs. Gandhi's attempt at "political rejuvenation" looks like "an act of desperation by a leader who has lost grip over the situation."

Mrs. Gandhi is not expected to replace her entire Council of Ministers. Eight of the 59 ministers who resigned Friday were restored to office Saturday, but shifted to new posts.

Kennedy, a President Forgotten?

Although I am not a citizen of the United States, I value the special relationship which exists between my country, Great Britain, and America. In addition to this I have always respected, and admired the late President John F. Kennedy. Therefore I regarded it as a privilege to be able to visit the memorial to him in Runnymede, England, last Nov. 22.

I was glad of the solitude as I laid some flowers on the memorial and stood for a few moments of silent remembrance, yet I was saddened that mine was the only tribute. It may be that other tributes were laid later in the day, but as my visit to the memorial was at 1:30 P.M., I doubt it. I had somehow imagined that the U.S. Embassy would carry out some act of remembrance on this the anniversary of the assassination.

Perhaps it is not possible or

even desirable for an honor guard from the detachment of U.S. Marines at the embassy to stand duty at the memorial, but surely it is not too much to expect that the ambassador should send an attaché to lay flowers. It is after all only an hour's drive from London.

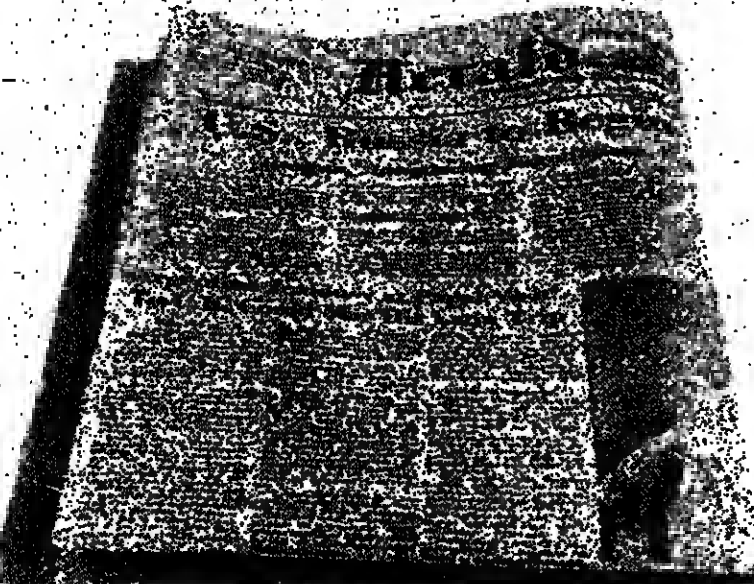
To gain access to the memorial I had to walk across a somewhat muddy field and then climb the stone steps, only half of which had been swept clear of leaves. While I did this willingly, I could not help but feel that more care could be taken of the memorial site. On this acre of Great Britain which the British people did gladly give to the United States of America in memory of John F. Kennedy, it is surely not too much to expect that the U.S. government could arrange for adequate caretaking.

FRANK DEAS,
Virginia Water, England.



Portrait of John F. Kennedy by James Wyeth.

TWO TRIBS FOR THE PRICE OF ONE



=



Please circle below the time period and reduced subscription price selected. (Rates valid through March 31, 1983)

COUNTRY	1 year	6 months	3 months	
Austria	A. Sch.	3,000	1,525	840
Belgium	B.F.	6,000	3,000	1,430
Denmark	D.K.	1,400	700	400
Finland	F.M.	990	495	270
France	F.F.	930	465	225
Germany	G.M.	930	465	225
Greece	G.	930	465	225
Ireland	Ir.	930	465	225
Italy	I.	165,000	82,500	41,250
Japan	J.	6,000	3,000	1,430
Netherlands	N.L.	406	203	112
Norway	N.K.	1,120	560	308
Portugal	P.	8,600	4,300	2,400
Spain	S.	14,200	7,100	3,900
Sweden	S.K.	990	495	270
Switzerland	S.F.	320	160	90
Rest of Europe, North Africa and former French Africa, U.S.A.		256	128	71
French Polynesia, Middle East		264	132	72
Rest of Africa, Canada, Latin America, Gulf States and Asia		352	176	98

To: Subscription Manager, International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92221 Nanterre Cedex, France. Telephone: 747.12.63. Telex: 612832.

☐ Yes, I would like to accept your bargain offer. Please send me the International Herald Tribune for the time period and at the reduced price circled on this coupon. 31-1-83

My name _____
Address _____
City _____
Job/Profession _____
Nationality _____
Company activity _____

IMPORTANT: Payment must be enclosed with this form to validate your subscription. Please make checks payable to the International Herald Tribune. Do not send cash. Pre-form invoices are available upon request.

If you purchased this Trib at a newsstand, you're already enjoying a rare bargain—the whole world in just a few tightly written, fact-packed pages. You're reading a product created by scores of journalists working day and night from dozens of distant datelines to bring you a compact compilation which can be purchased for the price of a cup of coffee.

But why not double the bargain? Enjoy twice as many newspapers with double the headlines, business trends, candid commentary, high fashion and comic strip hi-jinks, exciting sports and puzzling crosswords?

By subscribing to the International Herald Tribune for six months or a year, you receive each copy at almost half the newsstand price. Up to 46% off, to be precise, depending on where you live. Twice as many Tribs for your money.

Subscribe now and we'll speed bargain-price Tribs to you from our various simultaneous distribution points in Paris, London, Zurich, Hong Kong and Singapore.

Join the global who's who of thought-leader readers who turn to each morning's Trib for the latest in objectively reported world news, briskly written opinion, the day's closing business tabulations, buy-and-sell reports from the international marketplace, at-the-stadium recaps of just-completed matches, what's happening in the world of culture—and all in an international perspective.

Double the value of the Trib by halving its price. Subscribe now so you don't miss a single issue. Just fill out the coupon opposite and mail. For maximum savings, subscribe for a full year. This cut-price subscription offer is for new subscribers only.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Both Georges at Large

It is a remarkable moment in the Reagan administration's foreign policy when the vice president and the secretary of state are dispatched to opposite points on the globe — George Bush to Europe, George Shultz to China by way of Japan — essentially for the same purpose: to try to gain back ground lost during the administration's first two years. A more graphic acknowledgment of earlier difficulties and a more earnest attempt to take remedial action are hard to imagine.

There is an edge of irony to the missions. Mr. Reagan came to the White House pledging to restore confidence in U.S. leadership. At least in Europe, the assertive and often casual nature of some of the words spoken and the measures taken in the name of restoring confidence have eroded confidence. A result is that there is serious question whether, on the key issue of missile deployment, the European allies will be able to hold to their earlier word.

Mr. Bush has the nice task of projecting his chief's firmness and reasonableness while ensuring that both are received in the proper separate mixtures by the allies, by the Soviets and by assorted Americans back home. Is he not trying to do something entirely inconsistent? Political leaders are always having to deal with crosscutting requirements of this sort. The vice president seems to be just the right man for the job, experienced, political — to satisfy the allies' craving for a strong and sensible American lead. He is not in Europe to negotiate, in the sense of sitting at a table, although he will look in on the Euro-missile talks in Geneva. But those talks have become increasingly sensitive to the sentiment of the gallery. Here Mr. Bush can have an important calming effect.

You might have thought that the anti-Soviet

quotient of the Reagan foreign policy would have been sweet music to Beijing's ears, sweet enough perhaps to ease the principal Chinese-American cares. But the Reagan administration's special interest in Taiwan has strained Beijing's nerves and, it seems, armed those in the leadership who may have had doubts from the start about the worth and durability of the American connection. That may be some part of the explanation for China's readiness to resume political talks with the Soviet Union.

In any event, what the Chinese are probably always most interested in finding in Washington is steadiness, control and an understanding of their special requirements. These qualities, essential to put U.S.-Chinese relations on a solid long-term basis, have not been notable in the Reagan foreign policy, least of all of the Reagan China policy, in the last two years.

The conservative, thoughtful Mr. Shultz is the right man to speak to and listen to the Chinese right now. Some tricky current questions of technology transfer and trade have to be sorted out, and these questions and the Taiwan issue, which has received more than enough agitation in the last year, need to be kept from getting in the way of more important considerations in U.S.-Chinese relations.

These more important considerations center on a common interest in security and international cooperation. The span of formal Chinese-American relations has been brief and bumpy, and it may well take some further years for "normalization" to become normal — for the misperceptions, misconceptions and unwarranted expectations to be wrung out of the relationship. Continuing high-level consultations can make it happen sooner.

— THE WASHINGTON POST.

Falklands: Still There

The Falkland war is over but Britain's dilemma remains. It is clearly defined by Sir Nicholas Henderson, London's ambassador in Washington during the crisis: Without a deal with Argentina, the islands' development will lag and Britain will be saddled with a huge military burden. However, he wisely adds, there will be no deal until Argentina gets some satisfaction concerning "sovereignty."

Don't hold your breath. Prime Minister Margaret Thatcher is not about to concede anything to the Argentines. Democracies may be slow to anger, but they are slower still to forget. Argentina's foolish invasion and the loss of life on both sides are still fresh in British minds. With an election looming, Mrs. Thatcher has all the more reason to keep the Argentines in the dock.

The prime minister's critics hoped that a blue-ribbon committee appraising the crisis would find enough fault to move her toward compromise. But the Franks committee found "that we would not be justified in attaching any criticism or blame to the present government for the Argentine junta's decision to commit its act of unprovoked aggression."

That is not, however, the report's only message. It records the failures of British governments to find a rational solution to what should have been a minor territorial dispute. Yet from 1965 until the war, Britain could

find no formula acceptable to 1,800 islanders and their friends in Parliament. Precisely because the matter was marginal, successive prime ministers refused to put their popularity at risk by insisting on a compromise.

From this history has come the too-simple belief that Britain is bound by whatever the Falklanders want. The islanders have been uncertain about their preferred future. As for self-determination, "far from being a universal and easily available right," said a Harvard study in 1965, "the right of self-determination has in fact only on rare occasions been made available to certain peoples under special circumstances." In 1981 Britain saw nothing shameful in removing 1,500 protesting residents of Diego Garcia so that an American base could be built on that Indian Ocean island. The U.S. Senate finally sealed a long-standing dispute with Panama by approving a treaty, overwhelmingly opposed by 40,000 American citizens in the Canal Zone.

The real issue is whether a settlement can protect the political rights of the Falklanders and yet satisfy the nationalist pride of Argentines. In Sir Nicholas's view, "I am sure that in some way at some stage the problem will have to be internationalized."

— THE NEW YORK TIMES.

Other Opinion

Andropov, Bush, Geneva

In short, Mr. Bush is on a high-level liaison and propaganda tour; and about time, too. For far too long Mr. Andropov has had the stage of world opinion almost to himself for his bewildering "peace dove" performances.

— The Sunday Telegraph (London).

The pressure is on. People everywhere are demanding a genuine nuclear arms agreement at Geneva. It is unrealistic for some Western leaders to insist on Mr. Reagan's "zero option" under which the Russians would withdraw all their intermediate-range missiles. As for the hard-faced Mr. Andropov, if his henchmen fail to deliver at Geneva he will earn the disgust of all sensible people.

— The Sunday Mirror (London).

The Mideast Clock Ticks On

The message brought by Egypt's President Hosni Mubarak is that the U.S. peace initiative for the Middle East is in growing danger of becoming just another undelivered note in the dead-letter box of lost diplomatic opportunities. That bleak perception had already taken hold in the Reagan administration.

Has the Reagan initiative come to a dead end? Certainly the road ahead seems less than clear and open, but the diplomatic map may yet reveal some alternative routes, however bumpy, that can still be tried. There is no question, though, that the time to find a way out is rapidly receding. Washington knows that, Mr. Mubarak knows that, and so does

everyone else in the Middle East — those who want the Reagan proposal to succeed, as well as those who hope for its failure.

— The Los Angeles Times.

The late President Sadat used to say that in the search for peace in the Middle East the United States held 90 percent of the cards. Unless it plays some of those cards soon, it will lose the initiative and with it the capacity it now has to influence the course of events.

— Middle East International (London).

A Criticism of France

A Frenchman buys a Japanese video recorder because he likes it. If he didn't, no amount of export-promotion strategies on the part of the Japanese could induce him to buy. Yet by some strange twist of logic sellers are held responsible for trade imbalances.

Far be it from Asians to tell the French people what government they should elect. For reasons of their own, the French have chosen leaders committed to limitation of free enterprise. Banks, large enterprises, whole industries have been nationalized. French entrepreneurs have become disillusioned, capital has fled, the currency has devalued itself and the nation has been led to the brink of a balance-of-payments crisis. But when a government, in seeking to alleviate those problems, resorts to interfering — blatantly and crudely — with the global economy, perhaps it is not out of order to suggest to the people of France that they might have made a mistake.

— Asiaweek (Hongkong).



The Kremlin's War of Words Has to Be Joined

By James Reston

WASHINGTON — Vice President George Bush has gone off to Europe to tell allied officials that President Ronald Reagan is really serious about controlling the nuclear arms race with the Soviet Union, but he has at least two problems. The main one is not with the officials, but with the people of the NATO countries. And the other one, which does have to do with officials, is that he is carrying no new proposals but is trying to convince them to support the Reagan administration's nuclear policy as it now stands.

He won't have to listen long. He will be told, and he knew this in advance, that most of the allied governments agree with the president's objectives that both Washington and Moscow should eliminate intermediate nuclear missiles from Europe, but that this is unacceptable to Moscow.

More important, from the point of view of the allied governments on whose territory the new U.S. cruise and Pershing-2 missiles will be placed if there is no agreement with the Soviets at Geneva, he will be told that the chances are that their people will resist a compromise or will vote them out of office. This is not regarded in Bonn, London or Rome as an amusing thought.

Mr. Bush has been sent to Europe and the Reagan administration is mobilizing its public relations experts to "sell" its sum-zero missile policy

because it feels it has been put on the defensive by the new Andropov regime in Moscow and by the anti-nuclear forces at home and abroad. It is an ironic situation. That America should be charged by the Soviet Union and especially by the people of Europe with reluctance to control nuclear weapons is outrageous.

At the end of World War II the United States offered not only to control nuclear weapons, when it then had a monopoly, but after the atomic bombings of Hiroshima and Nagasaki, to control and even eliminate nuclear weapons; and Moscow was invited to join the Marshall Plan for the reconstruction of Europe.

President Eisenhower urged the Soviet leaders to reduce the spectacular expense of all military weapons and apply the cost to the hungry people of the world.

All of that was rejected by the leaders in Moscow, who are still blaming Washington for the stalemate in nuclear arms control.

What is surprising is that America, which invented modern advertising, is not keeping the historical facts straight, even in its own defense.

It used to be normal procedure in a crisis between sovereign states that they would publish a white paper on the facts and history of the conflict. This is what we need now, not only

on the controversy between the United States and the Soviet Union over the control of nuclear arms but also on the tangles of the Middle East. We are being battered from all sides by opinions without any historical records of the facts to back them up.

It is not at all clear that public opinion can reach sensible conclusions about what to do about the Soviet SS-20 missiles targeted on every capital of Europe, or how to deter them by having 572 U.S. cruise and Pershing-2 nuclear missiles targeted on the Soviet Union. But if such apocalyptic questions are to be settled by "public diplomacy" and demonstrations in the streets and elections in West Germany, it might be useful to have some facts.

Not only the facts on Washington's side, but the facts as well on the Soviet side. For example, Paul C. Warnke, who was director of the U.S. Arms Control Agency in 1977 and 1978, thinks that President Reagan's nuclear control policy has some merit, but he adds that we must also look at it from Moscow's point of view.

The Reagan sum-zero plan, he suggests, means that the Soviet Union "must be willing to ignore" British and French intermediate-range nuclear forces; U.S. fighter-bombers stationed in Britain; Sixth Fleet aircraft that carry nuclear weapons; Po-

seidon missiles assigned for NATO defense; the proposed deployment of sea-launched cruise missiles on attack submarines and surface ships. "My own experience," he concludes, "makes me skeptical that the Russians will be this accommodating."

Paul Nitze, U.S. negotiator on intermediate nuclear missiles, recognized that some attention must be paid to this point, and tried to discuss a possible compromise with the Soviets last July. He was rebuffed for doing so. But he is back in Geneva now with authority to continue probing the Soviets for a change in their policy, and Mr. Bush will be there, as he says, to "listen."

Meanwhile the war of words goes on. In my insomnia I listen to Moscow radio every night. It is appalling. It is trying to scare and bully Europe and the Japanese into letting down their guard, and yet appealing for peace and compromise.

America ought to deal more effectively with this clumsy propaganda, at least issuing a white paper on the facts. It cannot win the war of words without a policy that the allied peoples will accept. Mr. Reagan is asking them to place hundreds of nuclear missiles on their soil, which he will decide to fire or not and over which they will have no control. For them, as they will no doubt tell Mr. Bush, this is not a very happy thought.

The New York Times.

Words: Shaping Up to Wage Public Diplomacy

By William Safire

WASHINGTON — Woodrow Wilson included "open covenants, openly arrived at" among his Fourteen Points, and diplomats the world over were dismayed at the American naïveté. Wilson's right-hand man, Col. Edward House, hurried to assure them that "openly arrived at" meant only that secret agreements would not be binding, and was not intended to exclude confidential diplomatic negotiations.

That sanctification of secrecy grew for the next half century and was hailed as essential to any discourse during Cold War I. Walter Lippmann in 1961 denounced "loud-mouthed diplomacy," and promoted what he called "quiet diplomacy," which reached its zenith in the back channels of détente.

In the years since SALT stalled we have been witnessing a curious turnaround in superpower diplomatic intercourse. At first the shift was back-channel to formal; of late both sides have been practicing all-out public diplomacy. Moscow realized it was possible to negotiate over the heads of NATO governments by an American peering to Western populaces with a nuclear freeze that would solidify a Soviet advantage: the United States

countered with its equally simple "zero option," aimed as much at the European public as at Moscow.

Recent revelations about medium-range arms reductions illustrate the turnaround. Paul Nitze, one of those rare men to whom the word "patience" applies, worried last summer that Soviet public diplomacy was overwhelming America's zero-option counter. He tentatively changed the zero offer to 75 missiles each, not a bad deal, but permitted the Russians to park too many replacement missiles back of the Urals.

Washington was worried about undermining Helmut Schmidt's election chances in West Germany and told Mr. Nitze to back off. Moscow, meanwhile, turned the offer down. Then a parallel event — the firing of non-team-playing Eugene Rostow — brought it all out in the open. Now the whole world can see the state of play. This is a condition that diplomats abhor, but it may not be so bad.

The spilling of the cards on the table comes at a time when America is gearing up to compete with the Russians in public diplomacy, which is more than a euphemism for propa-

ganda. Earlier this month President Ronald Reagan signed National Security Document 7, on public diplomacy. Despite its bureaucratic "coordinating on a regular basis national security public affairs matters of presidential interest" — this memo puts people who have knowledge about the effects on world opinion into the planning of foreign policy.

Committee meetings are the mother's milk of government. Bureaucrats know that the composition of these standing groups establishes policy control. The new Special Planning Group they need a committee to devise better names for committees. It is headed by William Clark and includes Secretaries Shultz and Weinberger, along with the director of the U.S. Information Agency, Charles Wick, and the director of the Agency for International Development, Peter McPherson. That means that for the first time USA's know-how gets in the takeoffs as well as the landings, and U.S. foreign aid is more closely keyed to policy aims.

Because Charles Wick was never a media nabob, this close friend of the president's was unfairly patronized

two years ago; today he puzzles his previous detractors with his winning record. He championed the modernization of the Voice of America's equipment; he was a mover in the Democracy Project, now funded with \$65 million to support free labor unions, foundations and political parties abroad; he saw the need for the adman Peter Dailey, now ambassador to Ireland, to take temporary charge of promoting the Intermediate Nuclear Force in Europe.

The USA's deputy director, Ambassador Gilbert Robinson, is a cool old pro I have known since we worked together at the U.S. Exhibition in Moscow two decades ago. He now heads the International Information Committee. Although his respect for Judge Clark suggests a lapse in judgment, he has done as much as anyone to change the USA from mouthpiece to policy participant.

With diplomacy going public, can diplomats hope to arrive at agreements in private? Or do public knowledge of negotiating positions and appeals to the people most affected preclude serious dealing?

The answer is this: Deals will have to be concluded in secret, but basic positions must first be thrashed out in public. Popular appeal adds a new difficulty to the art of the diplomat, but — with Ronald Reagan's personal backing — Woodrow Wilson's idea may turn out to be more sophisticated than it seemed.

The New York Times.

The Neutral Slot the Irish Fill

By Jonathan Power

DUBLIN — The recent arrest of an Irish soldier on active service with the United Nations force in Lebanon, on charges of having murdered three of his fellows, is the only reminder we have had in some time that every day Irish soldiers are putting their lives on the line in the Middle East.

They have been doing that since 1978 in Lebanon and in almost continuous UN service since 1961, when they went to the Congo to help quell a civil war that threatened, so deeply involved were the big powers, to tear Africa apart.

The Irish, aside from Secretary-General Dag Hammarskjöld, were the dominant personalities in the successful effort to end that conflict. The commander of the UN forces in the Congo, Gen. Sean MacKeown, was Irish, as was the UN's representative in disident Katanga, Conor Cruise O'Brien.

In his book "To Katanga and Back" Mr. O'Brien poses the question: "Why did Mr. Hammarskjöld pick me for the post?" The range of natural choice was quite narrow. The East bloc condemned the Congo operation, the West sympathized with Katanga and there would have been Western opposition to the choice of an Afro-Asian.

"The choice seemed to narrow to a European neutral, and then, since Austria and Finland are 'neutralized' rather than neutral and Switzerland is not a member of the UN — to Sweden or Ireland. Sweden had already contributed the special representative to Leopoldville.

Similar calculations have led successive secretary-generals through successive crises to call on the Irish to serve in numerous hot spots, dividing hostile armies.

Irish neutrality is not easy to maintain given the proximity to Western Europe, the attachment, through emigration, to the United States, and now membership in the European Community. There are moments when the pressures against neutrality are strong.

The most recent was the Community's imposition of sanctions on Argentina during the Falkland war. The Irish went along, but took the first opportunity to jump ship.

An earlier episode was Ireland's decision in 1957 to switch its voting position on admission of China to the United Nations. Washington had long assumed that Ireland, Catholic and conservative, was a safe vote. Within an hour of notification of the new Irish position, the Irish consul general in New York received a telephone message from the city's archbishop, Cardinal Francis Spellman: "Tell Aiken [the Irish foreign minister] that if he votes for Red China we'll raise the devil." The Irish stood firm.

This independent-mindedness has made them one of the handful of nations that can play a disinterested role when required. The younger generation of Irish may take all this for granted, and the men serving in Lebanon are of-

ten forgotten by the local media, but for those in their late thirties and older, who were at least boys when the Congo war claimed Irish lives, there are deep memories.

An Irish civil servant recalls his emotion when the first coffin came back. "Everyone came out onto the street. It was the largest crowd I've ever seen on the streets of Dublin."

The official who runs the UN desk at the Department of External Affairs recalls that when he was a boy they didn't play "cowboys and Indians" but "UN and Congolese." The Irish have lost 50 soldiers in their 22 years of peacekeeping. Sixteen have died in Lebanon. But the pain of the loss is eased by the growing confidence of the Irish Army. It has developed over the years a degree of experience that few other countries have. Irish soldiers are used to working check by jowl in situations of high tension with the soldiers of other nations, whatever their color or creed. The soldiers are adept at defusing situations without their color or creed.

During the general election in 1961 it was thought at one point that the opposition intended to use in its campaign the slogan, "the best Irish government the Congo ever had." It didn't, because the slur would have backfired.

Ireland is divided in many ways, but on the role of contributing to UN peacekeeping operations there has developed over the years a broad political consensus. It serves Ireland and the world well.

International Herald Tribune.

The Case Against Passivity

By Herbert London

NEW YORK — Richard A. Kinsley's "Gandhi" is a rare and startling beauty, belying its presentation as docudrama. Richard does not disguise his unmitigated tribute to Gandhi. Fine. Gandhi was a unique man who brought India independence through his tactics of passive resistance against British colonialism.

What are not fine are the generalizations that emerge from the and that do seem warranted by his extraordinary success and Kinsley's sensitive portrayal. But the audience comments — as, "That's what we ought to learn from our enemies" — are lacking in historical perspective.

That passive resistance was successful against British rule is a statement about the British, not about Gandhi's followers.

Notwithstanding their momentary brutality, the British were put in a reluctant position of having to calculate the violence of their rule in order to maintain control. That ultimately became too high for British government and for the billions of the British people.

They stumbled to Garibaldi and his tactics. But on this same scenario with Soviet or Chinese rules. Would passive resistance have any application to free world fighters?

To the film Gandhi is quoted having said, "Ultimately tyrants are defeated by love and truth." The interlocutor who asks if he would like to see Hitler, he says, even a Hitler would submit to this approach. What asked is what happens to that guy or the Soviet? Would the Soviet passive resistance an appropriate action to extermination camps?

The difference between passive resistance against an essentially cratie foe and against a total enemy was not considered in the and was not really considered Gandhi's philosophy.

What Gandhi could do again British — namely, appeal to it play of the people — would it possible if his adversary were it zis or the Soviets. Would the Soviet invite Gandhi to their auto factories in Moscow to lectu workers on the evils of colonialism?

The British response to Ga violation of the law was imr ment, several times. But he leased. Suppose he were found of sedition in the Soviet Uni day. The likelihood is that he be swallowed into the bowels Gulag, another Shecharansky kharov, never free to influen followers again. Ramsay MacL made some egregious errors w was prime minister, but can compared to Yuri Andropov?

These differences, which shv apparent to any sensible perso unfortunately beclouded by au es eager for peace and simple tions. Gandhi gives them the more. He is undoubtedly a herc use whose spirit looms monur against the historical backdr Western colonialism. He is a sp father to the civil rights mov and to the student rebellion late '60s and early '70s. But his enoe can only be evaluated with context of flawed democratic ecies, societies that were embar by racism and colonial rule.

To see Gandhi's methods a versal is wishful thinking. Agg totalitarian enemy, passivity sidered weakness. When a nati cides defense for passive resit it plays into the hands of an i sor. In the extermination can Nazis had no respect for passiv

Ultimately, of course, Gandi be right. Love may triumph, f reading of the past is far too se to ensure this end, and his s nature did not provide him w swers to eschatological que What this film leaves is an in figure with relatively few pri tions for our time.

In the final analysis we i judged by how well we defen selves and our institutions.

The writer is a New York Un dean. He contributed this com The Washington Post.

LETTERS TO THE EDITOR

Evita in Her Place

In his otherwise impressive article on Argentina (JHT, Jan. 5), Edward Schumacher refers to Perón's "first wife, the faded Evita." Faded she is, but the first wife of Juan Perón was not. His first wife was Aurelia Triaca, from 1925 until her death of cancer in 1938. Second was Eva Duarte (1945-1952). Third, of course, was Isabel Martínez.

JOAN B. HURD, Houston.

Iran After Khomeini

Regarding the commentary "Iranian 'Liberation' and the Next Ayatollah" and the editorial "Khomeini's Promises" (JHT, Jan. 25):

At last serious publications are coming to realize what we Iranian exiles have been saying all along. I wish the likes of Fred Halliday (Other Opinion, Jan. 12) would tell us where they get the absurd information that the situation in Iran is "relatively stable" and likely to persist unchanged after Khomeini's death.

BISAN BASSIRI, Paris.

Having recently returned from a visit to Iran, I can say that evidence of opposition to Ayatollah Khomeini, far from fading, was on the contrary most obvious. For Western

journalists the nature of oppo gauged by comparisons with t days of the shah's reign forgotten how brutally the pre game can act against any oppo

I would estimate that at 1 percent of Iranians now opp Khomeini regime, for various — unemployment and the ex the war, lack of political an freedoms. About 10 to 15 still believe in the betrayed p of the Islamic Republic. The ing 20 to 25 percent are paik state to enforce control.

The ingredients for revolu now present inside Iran. Wh quired is external detonation.

MORTEZA KHAJALI, Jec.

Reagan and Kreisky

Regarding "Kreisky and Will Be Meeting Soon I Strained Ties" (JHT, Jan. 18):

The Austrian Socialist Party a social democratic party; the leader, Bruno Kreisky, has several times to have the word "ocratic" added to the name. I's neutrality, moreover, Aus selling weapons parts and an tion to East bloc countries.

PETER F. EHRENFRE, Mu.

More letters on Page 5.

FROM OUR JAN. 31 PAGES, 75 AND 50 YEARS AGO

1908: Trouble in the Balkans

PARIS — The editorial in the Herald reads: "Trouble in the Balkans is one of the bards annuals which crop up each spring. When the snow begins to melt on the mountains is the vague date generally fixed for the beginning of trouble by the Cassandras of that much-disturbed region. But the snow is still lying deep in the passes, and already the condition of the peninsula is again occupying the attention of statesmen. The Turkish authorities have ceased actively to oppress the Christian population, but they look on sullenly while the rival sects carry out a war of extermination against each other, Greek, Old Serbian and Bulgarian, each striving for the mastery."

1933: Hitler Is New Chancellor

BERLIN — Adolf Hitler, an obscure corporal in the German Army in the World War, achieved the most glittering triumph in his life [yesterday] when President von Hindenburg appointed his defeated rival for the presidency chancellor of the Reich. The leader and founder of the National-Socialist movement, who only a year ago was a "man without a country," now heads a "Hamburg coalition cabinet" consisting of his own party and the Hugenberg Nationalists. The man German Republicans most dread has at last attained the highest office in the state. His cabinet includes the most dangerous foes of the Weimar Constitution and parliamentary democracy.

JOHN RAY WHITNEY (1904-1982), Chairman
KATHARINE GRAHAM and ARTHUR OCHS SULZBERGER, Co-Chairmen

LEE W. HUBNER, Publisher
Executive Editor: PHILIP M. FOISIE
Editor: WALTER WELLS
Managing Editor: ROBERT K. MCABE
Deputy Editor: SAMUEL ABE
Associate Editor: CARL GEWIRTZ

Associate Publisher: ROLAND PINSON
Director of Finance: RENE BONDI
Director of Circulation: FRANCIS DESJARDIS
Director of Advertising: RICHARD H. MORGAN

International Herald Tribune, 181 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France. Telephone 747-1265. Telex 612718 (Herald). Cables Herald Paris.

Directeur de la publication: Walter N. Thayer.
Gen. Mgr. Asia: Alan Lechow. 24-34 Hester Rd. Hong Kong. Tel. 5-283618. Telex 61170.
S.A. au capital de 1,200,000 F. RCS Nanterre B 73201176. Commission Paritaire No. 34231.
U.S. subscription: \$750 yearly. Second-class postage paid at Long Island City, N.Y. 11101.
© 1982, International Herald Tribune. All rights reserved.

هكمان للأهل

Robert London

IRK — Richard Araskog's "Gandhi" is a starting point for a new kind of leadership. It is not a discourse on the virtues of Gandhi, but a tribute to Gandhi's unique leadership. The book is a collection of essays by British and American authors, each of whom has been influenced by Gandhi's life and work. The book is a tribute to Gandhi's unique leadership, and it is a book that should be read by all who are interested in leadership.

The book is a collection of essays by British and American authors, each of whom has been influenced by Gandhi's life and work. The book is a tribute to Gandhi's unique leadership, and it is a book that should be read by all who are interested in leadership.



**"Take a good look at our System 12.
It's going to be setting the
standard well into the 21st century."**

RAND V. ARASKOG
ITT CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

With awards for more than 600 telephone exchanges providing 2.3 million lines in ten countries, and more in the pipeline, ITT's fully digital System 12* is already installed and working in three countries. It is acknowledged to be the world's most advanced telecommunications switching system.

One radically different concept explains its success: ITT's patented, fully-distributed control system.

Simply stated, distributed control means that instead of one central computer system to run the switching center, the control is at the functional

level. Each block of lines or trunks has its own microprocessor. So a problem in one place can't appear somewhere else. This is just one of the ways we ensure reliability.

On the other hand, with a centrally controlled exchange, it's possible for a single problem to cause the whole system to come to a halt.

The advantages of fully-distributed control are so obvious you would be forgiven for assuming it is built into our competitors' systems as well. But you would be wrong. Only ITT has it.

System 12 is the product of a \$700 million worldwide team effort between computer and

telecommunications engineers. It will handle both voice and data simultaneously with fail-safe reliability.

This accounts for its current pre-eminence. ITT's distributed control principle is so flexible it will comfortably evolve to meet changing demands into the next century.

While others strain to catch up, ITT intends to extend its lead. System 12 just happens to be one of our best ideas.

**The best ideas are
the ideas that help people.**

ITT

*A trademark of the ITT System.

[illegible]

International Bond Prices — Week of Jan. 27

Provided by White Weld Securities, London, Tel.: 623 1277; a division of Financiere Credit Suisse - First Boston

(Continued from Page 6)									
Amst	Security	Yld	Mid	Price	Amst	Security	Yld	Mid	Price
420	Norway	4 1/2	100	100.00	420	Sweden	4 1/2	100	100.00
421	Denmark	4 1/2	100	100.00	421	Sweden	4 1/2	100	100.00
422	Finland	4 1/2	100	100.00	422	Sweden	4 1/2	100	100.00
423	Belgium	4 1/2	100	100.00	423	Sweden	4 1/2	100	100.00
424	Netherlands	4 1/2	100	100.00	424	Sweden	4 1/2	100	100.00
425	France	4 1/2	100	100.00	425	Sweden	4 1/2	100	100.00
426	Germany	4 1/2	100	100.00	426	Sweden	4 1/2	100	100.00
427	Italy	4 1/2	100	100.00	427	Sweden	4 1/2	100	100.00
428	Spain	4 1/2	100	100.00	428	Sweden	4 1/2	100	100.00
429	Portugal	4 1/2	100	100.00	429	Sweden	4 1/2	100	100.00
430	Greece	4 1/2	100	100.00	430	Sweden	4 1/2	100	100.00
431	Turkey	4 1/2	100	100.00	431	Sweden	4 1/2	100	100.00
432	Japan	4 1/2	100	100.00	432	Sweden	4 1/2	100	100.00
433	South Korea	4 1/2	100	100.00	433	Sweden	4 1/2	100	100.00
434	Philippines	4 1/2	100	100.00	434	Sweden	4 1/2	100	100.00
435	Indonesia	4 1/2	100	100.00	435	Sweden	4 1/2	100	100.00
436	Malaysia	4 1/2	100	100.00	436	Sweden	4 1/2	100	100.00
437	Singapore	4 1/2	100	100.00	437	Sweden	4 1/2	100	100.00
438	Thailand	4 1/2	100	100.00	438	Sweden	4 1/2	100	100.00
439	Brunei	4 1/2	100	100.00	439	Sweden	4 1/2	100	100.00
440	East Germany	4 1/2	100	100.00	440	Sweden	4 1/2	100	100.00
441	Czech Republic	4 1/2	100	100.00	441	Sweden	4 1/2	100	100.00
442	Slovakia	4 1/2	100	100.00	442	Sweden	4 1/2	100	100.00
443	Hungary	4 1/2	100	100.00	443	Sweden	4 1/2	100	100.00
444	Poland	4 1/2	100	100.00	444	Sweden	4 1/2	100	100.00
445	Romania	4 1/2	100	100.00	445	Sweden	4 1/2	100	100.00
446	Bulgaria	4 1/2	100	100.00	446	Sweden	4 1/2	100	100.00
447	Yugoslavia	4 1/2	100	100.00	447	Sweden	4 1/2	100	100.00
448	Croatia	4 1/2	100	100.00	448	Sweden	4 1/2	100	100.00
449	Slovenia	4 1/2	100	100.00	449	Sweden	4 1/2	100	100.00
450	Serbia	4 1/2	100	100.00	450	Sweden	4 1/2	100	100.00

CONVERTIBLE BONDS

Amst	Security	Yld	Mid	Price	Amst	Security	Yld	Mid	Price
451	European	4 1/2	100	100.00	451	European	4 1/2	100	100.00
452	US	4 1/2	100	100.00	452	US	4 1/2	100	100.00
453	UK	4 1/2	100	100.00	453	UK	4 1/2	100	100.00
454	Canada	4 1/2	100	100.00	454	Canada	4 1/2	100	100.00
455	Australia	4 1/2	100	100.00	455	Australia	4 1/2	100	100.00
456	South Africa	4 1/2	100	100.00	456	South Africa	4 1/2	100	100.00
457	Argentina	4 1/2	100	100.00	457	Argentina	4 1/2	100	100.00
458	Brazil	4 1/2	100	100.00	458	Brazil	4 1/2	100	100.00
459	Chile	4 1/2	100	100.00	459	Chile	4 1/2	100	100.00
460	Colombia	4 1/2	100	100.00	460	Colombia	4 1/2	100	100.00
461	Costa Rica	4 1/2	100	100.00	461	Costa Rica	4 1/2	100	100.00
462	Cuba	4 1/2	100	100.00	462	Cuba	4 1/2	100	100.00
463	Dominican Republic	4 1/2	100	100.00	463	Dominican Republic	4 1/2	100	100.00
464	Ecuador	4 1/2	100	100.00	464	Ecuador	4 1/2	100	100.00
465	El Salvador	4 1/2	100	100.00	465	El Salvador	4 1/2	100	100.00
466	Guatemala	4 1/2	100	100.00	466	Guatemala	4 1/2	100	100.00
467	Honduras	4 1/2	100	100.00	467	Honduras	4 1/2	100	100.00
468	Mexico	4 1/2	100	100.00	468	Mexico	4 1/2	100	100.00
469	Nicaragua	4 1/2	100	100.00	469	Nicaragua	4 1/2	100	100.00
470	Panama	4 1/2	100	100.00	470	Panama	4 1/2	100	100.00
471	Paraguay	4 1/2	100	100.00	471	Paraguay	4 1/2	100	100.00
472	Peru	4 1/2	100	100.00	472	Peru	4 1/2	100	100.00
473	Puerto Rico	4 1/2	100	100.00	473	Puerto Rico	4 1/2	100	100.00
474	Venezuela	4 1/2	100	100.00	474	Venezuela	4 1/2	100	100.00

Mutual Funds

Class Prices Jan. 26, 1983

Amst	Security	Yld	Mid	Price	Amst	Security	Yld	Mid	Price
475	US	4 1/2	100	100.00	475	US	4 1/2	100	100.00
476	UK	4 1/2	100	100.00	476	UK	4 1/2	100	100.00
477	Canada	4 1/2	100	100.00	477	Canada	4 1/2	100	100.00
478	Australia	4 1/2	100	100.00	478	Australia	4 1/2	100	100.00
479	South Africa	4 1/2	100	100.00	479	South Africa	4 1/2	100	100.00
480	Argentina	4 1/2	100	100.00	480	Argentina	4 1/2	100	100.00
481	Brazil	4 1/2	100	100.00	481	Brazil	4 1/2	100	100.00
482	Chile	4 1/2	100	100.00	482	Chile	4 1/2	100	100.00
483	Colombia	4 1/2	100	100.00	483	Colombia	4 1/2	100	100.00
484	Costa Rica	4 1/2	100	100.00	484	Costa Rica	4 1/2	100	100.00
485	Cuba	4 1/2	100	100.00	485	Cuba	4 1/2	100	100.00
486	Dominican Republic	4 1/2	100	100.00	486	Dominican Republic	4 1/2	100	100.00
487	Ecuador	4 1/2	100	100.00	487	Ecuador	4 1/2	100	100.00
488	El Salvador	4 1/2	100	100.00	488	El Salvador	4 1/2	100	100.00
489	Guatemala	4 1/2	100	100.00	489	Guatemala	4 1/2	100	100.00
490	Honduras	4 1/2	100	100.00	490	Honduras	4 1/2	100	100.00
491	Mexico	4 1/2	100	100.00	491	Mexico	4 1/2	100	100.00
492	Nicaragua	4 1/2	100	100.00	492	Nicaragua	4 1/2	100	100.00
493	Panama	4 1/2	100	100.00	493	Panama	4 1/2	100	100.00
494	Paraguay	4 1/2	100	100.00	494	Paraguay	4 1/2	100	100.00
495	Peru	4 1/2	100	100.00	495	Peru	4 1/2	100	100.00
496	Puerto Rico	4 1/2	100	100.00	496	Puerto Rico	4 1/2	100	100.00
497	Venezuela	4 1/2	100	100.00	497	Venezuela	4 1/2	100	100.00

ZERO-COUPON BONDS

Amst	Security	Yld	Mid	Price	Amst	Security	Yld	Mid	Price
498	US	4 1/2	100	100.00	498	US	4 1/2	100	100.00
499	UK	4 1/2	100	100.00	499	UK	4 1/2	100	100.00
500	Canada	4 1/2	100	100.00	500	Canada	4 1/2	100	100.00
501	Australia	4 1/2	100	100.00	501	Australia	4 1/2	100	100.00
502	South Africa	4 1/2	100	100.00	502	South Africa	4 1/2	100	100.00
503	Argentina	4 1/2	100	100.00	503	Argentina	4 1/2	100	100.00
504	Brazil	4 1/2	100	100.00	504	Brazil	4 1/2	100	100.00
505	Chile	4 1/2	100	100.00	505	Chile	4 1/2	100	100.00
506	Colombia	4 1/2	100	100.00	506	Colombia	4 1/2	100	100.00
507	Costa Rica	4 1/2	100	100.00	507	Costa Rica	4 1/2	100	100.00
508	Cuba	4 1/2	100	100.00	508	Cuba	4 1/2	100	100.00
509	Dominican Republic	4 1/2	100	100.00	509	Dominican Republic	4 1/2	100	100.00
510	Ecuador	4 1/2	100	100.00	510	Ecuador	4 1/2	100	100.00
511	El Salvador	4 1/2	100	100.00	511	El Salvador	4 1/2	100	100.00
512	Guatemala	4 1/2	100	100.00	512	Guatemala	4 1/2	100	100.00
513	Honduras	4 1/2	100	100.00	513	Honduras	4 1/2	100	100.00
514	Mexico	4 1/2	100	100.00	514	Mexico	4 1/2	100	100.00
515	Nicaragua	4 1/2	100	100.00	515	Nicaragua	4 1/2	100	100.00
516	Panama	4 1/2	100	100.00	516	Panama	4 1/2	100	100.00
517	Paraguay	4 1/2	100	100.00	517	Paraguay	4 1/2	100	100.00
518	Peru	4 1/2	100	100.00	518	Peru	4 1/2	100	100.00
519	Puerto Rico	4 1/2	100	100.00	519	Puerto Rico	4 1/2	100	100.00
520	Venezuela	4 1/2	100	100.00	520	Venezuela	4 1/2	100	100.00

Chicago Exchange Options

For the Week Ending Jan. 28, 1983

Price	Call	Puts	Option	Price	Call	Puts	Option	Price	Call
45	1	4%	Emerak	45	1	3%	45	1	4%
46	1	3%	50%	46	1	4%	46	1	3%
47	1	2%	55%	47	1	5%	47	1	2%
48	1	1%	60%	48	1	6%	48	1	1%
49	1	0%	65%	49	1	7%	49	1	0%
50	1	0%	70%	50	1	8%	50	1	0%
51	1	0%	75%	51	1	9%	51	1	0%
52	1	0%	80%	52	1	10%	52	1	0%
53	1	0%	85%	53	1	11%	53	1	0%
54	1	0%	90%	54	1	12%	54	1	0%
55	1	0%	95%	55	1	13%	55	1	0%
56	1	0%	100%	56	1	14%	56	1	0%
57	1	0%	105%	57	1	15%	57	1	0%
58	1	0%	110%	58	1	16%	58	1	0%
59	1	0%	115%	59	1	17%	59	1	0%
60	1	0%	120%	60	1	18%	60	1	0%
61	1	0%	125%	61	1	19%	61	1	0%
62	1	0%	130%	62	1	20%	62	1	0%
63	1	0%	135%	63	1	21%	63	1	0%
64	1	0%	140%	64	1	22%	64	1	0%
65	1	0%	145%	65	1	23%	65	1	0%
66	1	0%	150%	66	1	24%	66	1	0%
67	1	0%	155%	67	1	25%	67	1	0%
68	1	0%	160%	68	1	26%	68	1	0%
69	1	0%	165%	69	1	27%	69	1	0%
70	1	0%	170%	70	1	28%	70	1	0%
71	1	0%	175%	71	1	29%	71	1	0%
72	1	0%	180%	72	1	30%	72	1	0%
73	1	0%	185%	73	1	31%	73	1	0%
74	1	0%	190%	74	1	32%	74	1	0%
75	1	0%	195%	75	1	33%	75	1	0%
76	1	0%	200%	76	1	34%	76	1	0%
77	1	0%	205%	77	1	35%	77	1	0%
78	1	0%	210%	78	1	36%	78	1	0%
79	1	0%	215%	79	1	37%	79	1	0%
80	1	0%	220%	80	1	38%	80	1	0%
81	1	0%	225%	81	1	39%	81	1	0%
82	1	0%	230%	82	1	40%	82	1	0%
83	1	0%	235%	83	1	41%	83	1	0%
84	1	0%	240%	84	1	42%	84	1	0%
85	1	0%	245%	85	1	43%	85	1	0%
86	1	0%	250%	86	1	44%	86	1	0%
87	1	0%	255%	87	1	45%	87	1	0%
88	1	0%	260%	88	1	46%	88	1	0%
89	1	0%	265%	89	1	47%	89	1	0%
90	1	0%	270%	90	1	48%	90	1	0%
91	1	0%	275%	91	1	49%	91	1	0%
92	1	0%	280%	92	1	50%	92	1	0%
93	1	0%	285%	93	1	51%	93	1	0%
94	1	0%	290%	94	1	52%	94	1	0%
95	1	0%	295%	95	1	53%	95	1	0%
96	1	0%	300%	96	1	54%	96	1	0%
97	1	0%	305%	97	1	55%	97	1	0%
98	1	0%	310%	98	1	56%	98	1	0%
99	1	0%	315%	99	1	57%	99	1	0%
100	1	0%	320%	100	1	58%	100	1	0%
101	1	0%	325%	101	1	59%	101	1	0%
102	1	0%	330%	102	1	60%	102	1	0%
103	1	0%	335%	103	1	61%	103	1	0%
104	1	0%	340%	104	1	62%	104	1	0%
105	1	0%	345%	105	1	63%	105	1	0%
106	1	0%	350%	106	1	64%	106	1	0%
107	1	0%	355%	107	1	65%	107	1	0%
108	1	0%	360%	108	1	66%	108	1	0%
109	1	0%	365%	109	1	67%	109	1	0%
110	1	0%	370%	110	1	68%	110	1	0%
111	1	0%	375%	111	1	69%	111	1	0%
112	1	0%	380%	112	1	70%	112	1	0%
113	1	0%	385%	113	1	71%	113	1	0%
114	1	0%	390%	114	1	72%	114	1	0%
115	1	0%	395%	115	1	73%	115	1	0%
116	1	0%	400%	116	1	74%	116	1	0%
117	1	0%	405%	117	1	75%	117	1	0%
118	1	0%	410%	118	1	76%	118	1	0%
119	1	0%	415%	119	1	77%	119	1	0%
120	1	0%	420%	120	1	78%	120	1	0%
121	1	0%	425%	121	1	79%	121	1	0%
122	1	0%	430%	122	1	80%	122	1	0%
123	1	0%	435%	123	1	81%	123	1	0%
124	1	0%	440%	124	1	82%	124	1	0%
125	1	0%	445%	125	1	83%	125	1	0%
126	1	0%	450%	126	1	84%	126	1	0%
127	1	0%	455%	127	1	85%	127	1	0%
128	1	0%	460%	128	1	86%	128	1	0%
129	1	0%	465%	129	1	87%	129	1	0%
130	1	0%	470%	130	1	88%	130	1	0%
131	1	0%	475%	131	1	89%	131	1	0%
132	1	0%	480%	132	1	90%	132	1	0%
133	1	0%	485%	133	1	91%	133	1	0%
134	1	0%	490%	134	1	92%	134	1	0%
135	1	0%	495%	135	1	93%	135	1	0%
136	1	0%	500%	136	1	94%	136	1	0%
137	1	0%	505%	137	1	95%	137	1	0%
138	1	0%	510%	138	1	96%	138	1	0%
139	1	0%	515%	139	1	97%	139	1	0%
140	1	0%	520%	140	1	98%	140	1	0%
141	1	0%	525%	141	1	99%	141	1	0%
142	1	0%	530%	142	1	100%	142	1	0%
143	1	0%	535%	143	1	101%	143	1	0%
144	1	0%	540%	144	1	102%	144	1	0%
145	1	0%	545%	145	1	103%	145	1	0%
146	1	0%	550%	146	1	104%	146	1	0%
147	1	0%	555%	147	1	105%	147	1	0%
148	1	0%	560%	148	1	106%	148	1	0%
149	1	0%	565%	149	1	107%	149	1	0%
150	1	0%	570%	150	1	108%	150	1	0%
151	1	0%	575%	151	1	109%	151	1	0%
152	1	0%	580%	152	1	110%	152	1	0%
153	1	0%	585%	153	1	111%	153	1	0%
154	1	0%	590%	154	1	112%	154	1	0%
155	1	0%	595%	155	1	113%	155	1	0%
156	1	0%	600%	156	1	114%	156	1	0%
157	1	0%	605%	157	1	115%	157	1	0%
158	1	0%	610%	158	1	116%	158	1	0%
159	1	0%	615%	159	1	117%	159	1	0%
160	1	0%	620%	160	1	118%	160	1	0%
161	1	0%	625%	161	1	119%	161	1	0%
162	1	0%	630%	162	1	120%	162	1	0%
163	1	0%	635%	163	1	121%	163	1	0%
164	1	0%	640%	164	1	122%	164	1	0%
165	1	0%	645%	165	1	123%	165	1	0%
166	1	0%	650%	166	1	124%	166	1	0%
167	1	0%	655%	167	1	125%	167	1	0%
168	1	0%	660%	168	1	126%	168	1	0%
169	1	0%	665%	169	1	127%	169	1	0%
170	1	0%	670%	170	1	128%	170	1	0%
171	1	0%	675%	171	1	129%	171	1	0%
172	1	0%	680%	172	1	130%	172	1	0%
173	1	0%	685%	173	1	131%	173	1	0%
174	1	0%	690%	174	1	132%	174	1	0%
175	1	0%	695%	175	1	133%	175	1	0%
176	1	0%	700%	176	1	134%	176	1	0%
177	1	0%	705%	177	1	135%	177	1	0%
178	1	0%	710%	178	1	136%	178	1	0%
179	1	0%	715%	179	1	137%	179	1	0%
180	1	0%	720%	180	1	138%	180	1	0%
181	1	0%	725%	181	1	139%	181	1	0%
182	1	0%	730%	182	1	140%	182	1	0%
183	1	0%	735%	183	1	141%	183	1	0%
184	1	0%	740%	184	1	142%	184	1	0%
185	1	0%	745%	185	1	143%	185	1	0%
186	1	0%	750%	186	1	144%	186	1	0%
187	1	0%	755%	187	1	145%	187	1	0%
188	1	0%	760%	188	1	146%	188	1	0%
189	1	0%	765%	189	1	147%	189	1	0%
190	1	0%	770%	190	1	148%	190	1	0%
191	1	0%	775%	191	1	149%	191	1	0%
192	1	0%	780%	192	1	150%	192	1	0%
193	1	0%	785%	193	1	151%	193	1	0%
194	1	0%	790%	194	1	152%	194	1	0%
195	1	0%	795%	195	1	153%	195	1	0%
196	1	0%	800%	196	1	154%	196	1	0%
197	1	0%	805%	197	1	155%	197	1	0%
198	1	0%	810%	198	1	156%	198	1	0%
199	1	0%	815%	199	1	157%	199	1	0%
200	1	0%	820%	200	1	158%	200	1	0%
201	1	0%	825%	201	1	159%	201	1	0%
202	1	0%	830%	202	1	160%	202	1	0%
203	1	0%	835%	203	1	161%	203	1	0%
204	1	0%	840%	204	1	162%	204	1	0%
205	1	0%	845%	205	1	163%	205	1	0%
206	1	0%	850%	206	1	164%	206	1	0%
207	1	0%	855%	207	1	165%	207	1	0%
208	1	0%	860%	208	1	166%	208	1	0%
209	1	0%	865%	209	1	167%	209	1	0%
210	1	0%	870%	210	1	168%	210	1	0%
211	1	0%	875%	211	1	169%	211	1	0%
212	1	0%	880%	212	1	170%	212	1	0%
213	1	0%	885%	213	1	171%	213	1	0%
214	1	0%	890%	214	1	172%	214	1	0%
215	1								

Banks' Accounting Complicates Brazil Loan Rescheduling

By Carl Gervitz
International Herald Tribune

PARIS — Getting accurate statistics has always been the bane of the Euro market. The Bank for International Settlements, the official source, is constantly widening the net it uses to catch data. But its information is still far from complete and

SYNDICATED LOANS

is published with a time lag of some four months. Just how big the information gap is can be measured by the near total surprise of bankers when Mexico announced in August it could not repay its debt. To fill this hole, commercial banks are currently creating their own pooled data bank.

But as some of the problems emerging over Brazil's rescheduling demonstrate, attempts to compile accurate data may be an impossible task — not the least because of the way the banks themselves keep their records.

In Brazil's case, a considerable volume of money lent to Brazilian entities was not carried on the books of banks as such. And it is known to happen in other cases as well.

As a result, bankers involved in the rescheduling of Brazil's loans are still bickering over what their exposure to Brazil really is and how much debt they are obliged to roll over. The real rub, however, is not how much debt they reschedule, but how much new money they must provide, since that sum is a function of how much Brazilian debt they currently hold.

The disputed debt was not carried by the banks as Brazilian exposure because the loans, to private companies, were guaranteed by parties outside Brazil. Bankers apparently were able, under such situations, either to report to their board a lower level of exposure than existed or to leave more room in their internally set ceilings for more loans to Brazil — which for long had been paying the highest leading margins of any borrower tapping the Euro market.

Here is the way bankers explain it:

A German company, for example, would deposit \$100 million with its Luxembourg bank to be used as a guarantee for that bank's loan to the German company's Brazilian subsidiary. But the loan would be carried on the bank's books as a West German risk, rather than a Brazilian risk.

The company's Brazilian subsidiary would pay interest to the Luxembourg bank of 2 1/2 points over the London interbank offered rate. The bank would keep a quarter-percentage point for its services and pass the remainder to the German parent company as additional interest on the original deposit.

A company would want to do this, bankers say, as a means of repatriating profits. In effect, the Brazilian subsidiary would be transferring \$2.25 million a year (the interest at the Libor spread, minus the quarter-point service charge) to the parent. This payment would appear on the books of the Brazilian subsidiary as an expense and escape Brazilian taxes on the repatriation of profits. For some companies, bankers say, the aim was not to escape the profits tax but simply to repatriate funds in situations where the companies had an agreement with the Brazilian authorities not to do so for a certain number of years after startup of a local operation.

Attempts to get bankers to disclose the ethics of these so-called back-to-back loans were unsuccessful. As for the syndicated loan market, bankers were jubilant last week at evidence that the market is still operative. The mounting wave of reschedulings created doubts about whether the rank-and-file of traditional Euro market lenders would remain active.

But the success of the jumbo loan for Denmark, now increased to \$1.3 billion from the initial \$1-billion target, has erased many of the doubts. The response to the Danish loan, one lead manager said, "demonstrates there is a market. Medium-sized institutions look like they are ready to play."

Even before last week's formal general syndication, which occupied two Morgan Guaranty Trust teletype machines operating 24 hours a day 40 hours to complete, the managers of the loan had reported unopposed offers of 1/2 percent in the loan.

The 42 lead managers, who underwrote \$30 to \$50 million each, are now seeking managers at the \$15-million level, co-managers at \$10 to \$15 million and participants at \$5 to \$10 million or \$1 to \$4 million.

The lead managers attribute the success of the Danish loan to the flexibility of its structure — essentially allowing each bank freedom on how much prime, Libor or ECU they wanted. The actual size of the margins over the base rate was important, one of the lead managers said, "only to the extent that the price did not give lenders a reason to turn down invitations to join."

Bankers are now talking about the terms Sweden will offer on its \$1-billion jumbo, which is expected in the market as soon as the Danish transaction is completed. Current talk is that Sweden will not offer lenders as much freedom to construct the loan as they see fit.

The success of the Danish loan is encouraging, other borrowers, which had been holding back, to come to the market. The Bank of Greece is planning to raise \$500 million and is asking banks to bid on terms for an eight-year loan. Greece last year paid 1/2 point over Libor and bankers expect it to squeeze through with a margin of 3/4 point this year.

Fecsa, a private Spanish electric utility company, is seeking \$100 million for seven years at a margin of 1 point over Libor, up from the split 3/4-3/4 point over Libor it paid last year.

At the other end of the scale is a \$100-million loan for Tai-ping organized by Banque Nationale de Paris. The 10-year loan, which has an average life of slightly less than six years, is priced at a slim 1/4 point over Libor. However, BNP has just received permission to open a branch in Taiwan and the slim margin on the loan is clearly the price BNP is willing to pay for the privilege.

South Korea's Exchange Bank and an international group of banks proposing to arrange a \$500 million loan has reached what one participant calls a stand-off over terms. KEB is seeking an eight-year loan carrying unchanged terms from what Korea paid last year — half a point over Libor or 20 basis points (100 equals one percentage point) above the prime rate. Lenders want a Libor margin of 3/4 point and a ceiling on the prime tranche of 1.3 points over the three-month rate for certificates of deposit compared to last year's ceiling of 1.25 points.

NEW EUROBOND ISSUES

Borrower	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
European Community	DM 160	1993	7%	99 1/2	7.96	Noncallable, Payable Feb. 15.
Hydro-Quebec	DM 200	1993	7%	99 1/2	7.81	First callable at 101 in 1991. Sinking fund to start in 1989 to produce an 8-yr average life.
Mitsui Osk Lines	DM 100	1988	7%	open	—	Noncallable. Price to be set Feb. 2.
Swedish Export Credit	DM 100	1995	11%	open	—	First callable at 103 in 1993. Sinking fund to start in 1989 to produce a 7.5-yr average life.
Swedish Export Credit	DM 100	1995	11%	open	—	Noncallable. Private placement.
Swedish Export Credit	DM 100	1995	11%	open	—	Redeemable every 3 years at par at holder's option; new coupon to be set every 3 years; callable at issuer's option every 3 years. Price to be set Feb. 10.

Yield Gap Shrinks Demand for New Issues

(Continued from Page 9)

the U.K. gilt market, where yields of 12 percent are available. "Sterling appears to be stabilizing on the foreign exchange market and the gilt market is one of the most liquid in the world," explained one manager.

The Deutsche mark sector also recorded one casualty, with Canadian Imperial Bank of Commerce withdrawing from its place on the new-issue calendar. The bank had hoped to achieve a lower coupon than managers of the proposed 100-million-DM issue were willing to place on it.

The DM market is operating under two handicaps: The uncertain outlook for U.S. interest rates, with many analysts fearing that rates may slip up before resuming their downward, and the political uncertainty about the outcome of the March 6 general election in West Germany.

The current mark issues are all quoted at 1 1/4-point discounts from issue price despite the fact that they are all of high quality. The European Community is offering 200 million DM of 12-year bonds at 9 1/2 percent, a coupon of 7 1/2 percent. The Council of Europe is raising 160 million DM for 10 years with a

coupon of 7 1/2 percent and an issue price of 99 1/2. Hydro-Quebec is seeking 200 million DM for 10 years bearing a coupon of 7 1/2 percent and Mitsui Osk Lines, carrying the guarantee of Sumitomo Bank, is offering 100 million DM of five-year notes bearing a coupon of 7 1/2 percent.

New issues are scheduled to be launched this week for Banque Indosuez, Bank of Tokyo, American Express, Italy's Ferrovie dello Stato and South Africa's Iscor. The Euro market, small though it is, registers a regularity that surprises even its most enthusiastic proponents. The latest issue, 60

million Ecu for Swedish Export Credit, is the first from a Scandinavian borrower. The borrower is also the first credit institute to use the market and may indicate a wider use for the Ecu itself.

The notable feature of the issue is that it is basically three-year paper which is expected to be rolled over for a total life of 12 years. But at each three-year interval investors can request to be repaid or the borrower can call the issue.

The current coupon is an aggressively low 11 1/2 percent which, managers say, is justified by the three-year maturity.

International Herald Tribune

Oil-Price Disarray Unsettles Mexico's Policy

(Continued from Page 9)

of private banks that were nationalized by former President José López Portillo last September.

But while the new financial officials have been concentrating on winning the support of major Western banks for the recovery program, they had expected that oil-export revenue of \$15 billion this year would supply the main portion of their foreign exchange needs in 1983.

The government was gambling not only that current oil prices would be maintained but also that its oil exports might surpass last year's average of 1.5 million barrels a day, thanks to a softening of domestic demand and an increase in production, which in December exceeded 3 million barrels a day for the first time.

Now, however, these calculations

seem vulnerable because of the disarray within OPEC. "Whether we like it or not, we are part of the market," one official said, "and we'll abide by the rules of the game. We'll have to adjust production, exports and prices to the market."

Before the OPEC meeting in Geneva, in an apparent effort to contribute to more stable market conditions, a Mexican mission visited all the major oil exporters, including such non-OPEC members as Britain and Norway. "Disorderly situations are bad for everyone, including financial markets," the official said.

Last week, the state oil monopoly, Petróleos Mexicanos, said it would "not initiate the lowering of international oil prices nor take measures to saturate the market." But it added that it would maintain its policy of reviewing prices at the beginning of each month, which provoked speculation that a lower export price could be announced Tuesday.

At present, Mexico sells its lighter Istmo oil for \$32.50 a barrel and its heavier Maya crude for \$25 a barrel, OPEC's guideline price is \$34 a barrel.

Since Mexico became a major oil exporter in 1978, the United States has consistently bought more than 50 percent of its oil exports. Last July, Mexico also became the United States' principal foreign oil supplier, providing slightly more than Saudi Arabia.

While hoping to avoid a price drop, officials seem determined to avoid the mistake made in June 1981 when Mexico's refusal to lower its prices during the developing world oil glut resulted in the cancellation of many contracts and the loss of \$2 billion in revenue.

Rather, they are studying ways to recoup any losses from lower oil prices. "Our revenue estimate is based on exports of 1.5 million barrels a day at current prices," a Finance Ministry official said, "but

we could probably sell 200,000 barrels a day more."

Other officials are hoping that a continuing reduction in world interest rates might offer relief. At present, Mexico expects to pay about \$12 billion in interest on its \$80 billion foreign debt. "I don't know if it is wishful thinking," the Finance Ministry official added, "but I think that the prime will be down to 9 percent by the end of 1983. And that would make all the difference to us."

On the other hand, if both oil prices and interest rates work against Mexico, officials acknowledge that the government

might have to accept an even deeper recession by further reducing imports or turning to the IMF or the United States for further assistance.

Meanwhile, the government is hoping to sign a \$5 billion loan agreement with its principal foreign creditors this month. It also seems close to rescheduling over an eight-year period \$20 billion in principal payments coming due between August 1982 and December 1984. Last August, Mexico suspended principal payments after a sharp devaluation of its currency provoked by a huge flight of capital.

Analysts Forecast Huge Bulge in M-2

By Marguerite Nugent

NEW YORK — The rapid growth in the interest-bearing money market deposit accounts introduced on Dec. 14 will result in an increase of between \$30 billion and \$60 billion in the broader M-2 measure of the U.S. money supply for January, according to forecasts of money market analysts.

The analysts noted, however, that most of the increase does not appear to reflect any fundamental growth in that aggregate. As a result, they doubt the figure will prompt any tightening by the Federal Reserve and suggested the Fed may take some measures to calm any market fears.

Figures released Friday by the Fed showed the M-2 grew a revised \$12.1 billion in December. The M-2 consists of the basic M-1 money supply measure — currency readily available for spending — plus certain savings accounts and small-time deposits.

Preliminary Fed figures, also released Friday, showed that balances in the money market deposit accounts, which are essentially a savings account because of a limit placed on the number of transactions, rose to a non-seasonally adjusted \$183 billion in the week ended Jan. 19 from \$158.7 billion a week earlier and \$59.1 billion in the week ended Dec. 22.

Most of the money market deposits, much of it transferred from other bank and thrift accounts, as well as from money market mutual funds, are counted in M-2. The Fed has placed growth targets on M-2, and for that reason it is now more closely watched by the credit markets than the M-1, which fell \$800 million to \$483.5 billion in the week ended Jan. 19.

"The growth in M-2 mainly reflects shifts in the aggregates and is not a prelude to fundamental growth," said Harold Nathan of Wells Fargo Bank.

William Griggs, of Griggs & Santow Inc., agreed, but he noted that anticipation of such an increase may cause concern in the credit markets because of uncertainty about the Fed's response.

Mr. Griggs said the most recent figures for money market deposit

U.S. Consumer Rates

For Week Ended Jan. 28

Passbook Savings	5.50 %
"All Savers" Certificates	N.A. %
6-Month Savings Certificates	8.64 %
Tax-Exempt Bonds	
Bond Buyer's Bond Index	9.64 %
Money Market Funds	
Dreyfus 5-7-Day Average	7.80 %
Home Mortgage	
FHLB average	14.22 %

accounts suggest M-2 could be up about \$60 billion in January.

He said that if the increase is that large, the markets will need some form of reassurance from the Fed that it will not tighten the money supply. He suggested this might come in the form of a discount rate cut or in testimony by Paul A. Volcker, the chairman of the Federal Reserve Board.

However, the M-2 figure for January is due Feb. 11 and Mr. Volcker will not present the Fed's goals for monetary policy for the year to Congress until Feb. 16.

Mr. Griggs suggested the Fed could time a cut in the discount rate, currently 8 1/2 percent, to coincide with the M-2 release to show the market it does not consider the M-2 growth a problem.

In testimony last week before the Joint Economic Committee of Congress, Mr. Volcker reaffirmed the Fed's commitment to combating inflation, while saying the Fed would also encourage economic growth.

He also said he did not consider the recent growth in the aggregates as inflationary.

Analysts believe that the Fed is acting cautiously because of the controversy in Congress over the budget. Mr. Nathan said he doubted the Fed would take any easing action until there is some progress on the budget.

Month	Feb.	Mar.	Apr.
49	10,000,000	10,000,000	10,000,000
50	11,000,000	11,000,000	11,000,000
51	12,000,000	12,000,000	12,000,000
52	13,000,000	13,000,000	13,000,000
53	14,000,000	14,000,000	14,000,000
54	15,000,000	15,000,000	15,000,000
55	16,000,000	16,000,000	16,000,000
56	17,000,000	17,000,000	17,000,000
57	18,000,000	18,000,000	18,000,000
58	19,000,000	19,000,000	19,000,000
59	20,000,000	20,000,000	20,000,000
60	21,000,000	21,000,000	21,000,000

Gold Options (prices in \$/oz.)

Valeurs White Weld S.A.

1, Quai de Mont-Blanc

1211 Geneva 1, Switzerland

Tel. 31.82.51 - Telex 28.305

This announcement appears as a matter of record only.



Inter-American Development Bank

Dfls. 150,000,000
8 per cent Dutch Guilder Bonds of 1983, due 1989/1993

Annual coupons February 15.

- | | |
|-------------------------------------|--|
| Algemene Bank Nederland N.V. | Amsterdam-Rotterdam Bank N.V. |
| Bank Mees & Hope NV | Hollandsche Bank-Unie N.V. |
| Pierson, Helderling & Pierson N.V. | Banque de Paris et des Pays-Bas N.V. |
| Nederlandsche Middenstandsbank N.V. | |
| Credit Suisse First Boston Limited | Daiwa Europe N.V. |
| Deutsche Bank Aktiengesellschaft | Kuwait International Investment Co. s.a.k. |
| Merrill Lynch International & Co. | Orion Royal Bank Limited |
| Société Générale | Société Générale |

January, 1983.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. This announcement appears for purposes of record only.



CAECL

Caisse d'Aide à l'Équipement des Collectivités Locales

(Municipal Development Authority of France)

US \$75,000,000

11 3/8 % Notes due 1990

Banque Nationale de Paris

Caisse des Dépôts et Consignations

Dillon, Read Overseas Corporation

Banque Bruxelles Lambert S.A.

Credit Suisse First Boston Limited

Deutsche Bank Aktiengesellschaft

Merrill Lynch International & Co.

Sammel Montagu & Co. Limited

Morgan Guaranty Ltd

Morgan Stanley International

Nomura International Limited

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Algemene Bank Nederland N.V.

Amro International

Arab Bank Investment Company

Banca del Gottardo

Banco Urquijo Hispano Americano

Bank of America International

Bank Mees & Hope NV

Bank of Tokyo International

Bankers Trust International

Banque Française du Commerce Extérieur

Banque Gutzwiller, Karr, Bangener (Overseas)

Bank of London

Banque Indosuez

Banque de Neufville, Schlumberger, Mallet

Banque Paribas

Banque de l'Union Européenne

Banque Worms

Bardays Merchant Bank

Baring Brothers & Co.

Bayerische Hypotheken- und Wechsel-Bank

Bayerische Landesbank Girozentrale

Bergson Bank A/S

Berliner Handels- und Frankfurter Bank

Bank of Montreal

Blyth Eastman Paine Webber International

Caisse Centrale des Banques Populaires

Cazenove & Co.

Chase Manhattan Capital Markets Group

Chase Manhattan Capital Markets Group

Citicorp Capital Markets Group

Continental Illinois Capital Markets Group

Crédit Commercial de France

Crédit Industriel et Commercial

Crédit Lyonnais

Crédit du Nord

Creditanstalt-Bankverein

Daiwa Europe

Deutsche Girozentrale

DG Bank

Dominion Securities Ames

Drexel Burnham Lambert

Emkilda Securities

Euromobiliare S.p.A.

European Banking Company

Fuji International Finance

Genossenschaftliche Zentralbank AG-Vienna

Girozentrale und Bank der österreichischen Sparkassen

Goldman Sachs International Corp.

Goldman Sachs International Corp.

W. Greenwell & Co.

Hamros Bank

Handelsbank N.W. (Overseas)

Hill Samuel & Co.

E. F. Hutton International Inc.

IBJ International

Kidder, Peabody International

Kleinwort, Benson

Lazard Frères et Cie

Lehman Brothers Kuhn Loeb

Lloyds Bank International

Manufacturers Hanover

Merck, Finck & Co.

Mitsubishi Bank (Europe) S.A.

Morgan Grenfell & Co.

The Nikko Securities Co., (Europe) Ltd.

Norddeutsche Landesbank

Orino Royal Bank

Over-the-Counter

Selling in 100s High Low Last Change			
(Continued from Page 12)			
AMTDC 100	17.75	17.75	17.75
AMTDC 200	17.75	17.75	17.75
AMTDC 300	17.75	17.75	17.75
AMTDC 400	17.75	17.75	17.75
AMTDC 500	17.75	17.75	17.75
AMTDC 600	17.75	17.75	17.75
AMTDC 700	17.75	17.75	17.75
AMTDC 800	17.75	17.75	17.75
AMTDC 900	17.75	17.75	17.75
AMTDC 1000	17.75	17.75	17.75
AMTDC 1100	17.75	17.75	17.75
AMTDC 1200	17.75	17.75	17.75
AMTDC 1300	17.75	17.75	17.75
AMTDC 1400	17.75	17.75	17.75
AMTDC 1500	17.75	17.75	17.75
AMTDC 1600	17.75	17.75	17.75
AMTDC 1700	17.75	17.75	17.75
AMTDC 1800	17.75	17.75	17.75
AMTDC 1900	17.75	17.75	17.75
AMTDC 2000	17.75	17.75	17.75
AMTDC 2100	17.75	17.75	17.75
AMTDC 2200	17.75	17.75	17.75
AMTDC 2300	17.75	17.75	17.75
AMTDC 2400	17.75	17.75	17.75
AMTDC 2500	17.75	17.75	17.75
AMTDC 2600	17.75	17.75	17.75
AMTDC 2700	17.75	17.75	17.75
AMTDC 2800	17.75	17.75	17.75
AMTDC 2900	17.75	17.75	17.75
AMTDC 3000	17.75	17.75	17.75
AMTDC 3100	17.75	17.75	17.75
AMTDC 3200	17.75	17.75	17.75
AMTDC 3300	17.75	17.75	17.75
AMTDC 3400	17.75	17.75	17.75
AMTDC 3500	17.75	17.75	17.75
AMTDC 3600	17.75	17.75	17.75
AMTDC 3700	17.75	17.75	17.75
AMTDC 3800	17.75	17.75	17.75
AMTDC 3900	17.75	17.75	17.75
AMTDC 4000	17.75	17.75	17.75
AMTDC 4100	17.75	17.75	17.75
AMTDC 4200	17.75	17.75	17.75
AMTDC 4300	17.75	17.75	17.75
AMTDC 4400	17.75	17.75	17.75
AMTDC 4500	17.75	17.75	17.75
AMTDC 4600	17.75	17.75	17.75
AMTDC 4700	17.75	17.75	17.75
AMTDC 4800	17.75	17.75	17.75
AMTDC 4900	17.75	17.75	17.75
AMTDC 5000	17.75	17.75	17.75
AMTDC 5100	17.75	17.75	17.75
AMTDC 5200	17.75	17.75	17.75
AMTDC 5300	17.75	17.75	17.75
AMTDC 5400	17.75	17.75	17.75
AMTDC 5500	17.75	17.75	17.75
AMTDC 5600	17.75	17.75	17.75
AMTDC 5700	17.75	17.75	17.75
AMTDC 5800	17.75	17.75	17.75
AMTDC 5900	17.75	17.75	17.75
AMTDC 6000	17.75	17.75	17.75
AMTDC 6100	17.75	17.75	17.75
AMTDC 6200	17.75	17.75	17.75
AMTDC 6300	17.75	17.75	17.75
AMTDC 6400	17.75	17.75	17.75
AMTDC 6500	17.75	17.75	17.75
AMTDC 6600	17.75	17.75	17.75
AMTDC 6700	17.75	17.75	17.75
AMTDC 6800	17.75	17.75	17.75
AMTDC 6900	17.75	17.75	17.75
AMTDC 7000	17.75	17.75	17.75
AMTDC 7100	17.75	17.75	17.75
AMTDC 7200	17.75	17.75	17.75
AMTDC 7300	17.75	17.75	17.75
AMTDC 7400	17.75	17.75	17.75
AMTDC 7500	17.75	17.75	17.75
AMTDC 7600	17.75	17.75	17.75
AMTDC 7700	17.75	17.75	17.75
AMTDC 7800	17.75	17.75	17.75
AMTDC 7900	17.75	17.75	17.75
AMTDC 8000	17.75	17.75	17.75
AMTDC 8100	17.75	17.75	17.75
AMTDC 8200	17.75	17.75	17.75
AMTDC 8300	17.75	17.75	17.75
AMTDC 8400	17.75	17.75	17.75
AMTDC 8500	17.75	17.75	17.75
AMTDC 8600	17.75	17.75	17.75
AMTDC 8700	17.75	17.75	17.75
AMTDC 8800	17.75	17.75	17.75
AMTDC 8900	17.75	17.75	17.75
AMTDC 9000	17.75	17.75	17.75
AMTDC 9100	17.75	17.75	17.75
AMTDC 9200	17.75	17.75	17.75
AMTDC 9300	17.75	17.75	17.75
AMTDC 9400	17.75	17.75	17.75
AMTDC 9500	17.75	17.75	17.75
AMTDC 9600	17.75	17.75	17.75
AMTDC 9700	17.75	17.75	17.75
AMTDC 9800	17.75	17.75	17.75
AMTDC 9900	17.75	17.75	17.75
AMTDC 10000	17.75	17.75	17.75

UCLA's Banners and Hopes Flying High

By John Lowe

Washington Post Service

LOS ANGELES

The expectations are as high as Paul

Favill's rafters — rafters

adorned with banners representing

each of the school's National Col-

legiate Athletic Association basket-

ball titles. There are 10 banners,

won in a 12-year span.

"It's hard to go through a day

without being aware of the tradi-

tion here," said guard Rod Foster.

"You want to protect what's been

here."

"Everything has been done

here," remarked second-year

Coach Larry Farmer. "We can't do

anything that hasn't been done."

"After what John Wooden did,"

observed center Stuart Gray,

"we're expected to win. If Wooden

came out of retirement, he'd have

to win a national championship."

When Wooden retired as coach

in 1975, the University of Califor-

nia-Los Angeles had just won the

last of those 10 national titles. It

has since gone seven seasons with-

out one. But the expectations have

not abated.

"There's still more pressure at

UCLA than there is at any other

place," said Los Angeles Laker for-

ward Jamaal Wilkes, who with

Farmer and center Bill Walton

formed the front line on UCLA's

back-to-back, 30-0 national cham-

pions in the early 1970s.

Such perfection made Gene Bar-

row's nine losses in two years seem

like failure. Barrow, Wooden's first

successor, did not return for a third

year.

The next two coaches, Gary

Cunningham and Larry Brown,

also lasted two seasons each. Cun-

ningham said he left to spend more

time with his family. Brown said he

left to go back to the National

Basketball Association. Neither

said he would miss the burdens of

UCLA.

Farmer was an assistant to Bar-

row, Cunningham and Brown. He

turned down four college head-

coaching offers to stay in line for

the UCLA job.

Despite the pressure, Farmer,

soon to turn 31, can now feel some

gratification. The Bruins — their

only losses to 15 games coming

against Maryland and, Friday

night, against Alabama — have

gained the No. 1 ranking. Last year

at the same stage of the campaign,

UCLA was at a post-Wooden low.

In October 1981, the Bruins

were banned from the 1982 NCAA

tournament because of recruiting

violations and other infractions. In

January 1982, they fell to 6-5 after

losing their first three Pacific-10

Conference games. (From 1967

through 1973, when the Bruins won

seven straight titles, they lost a to-

tal of three conference games.)

This year, UCLA is eligible

again for the NCAA tournament.

The Bruins have beaten Louisville,

Louisiana State and Iowa at home

and have won on the road against

Notre Dame and De Paul. "The

only team missing from our sched-

ule is the Lakers," Farmer said.

The Bruins, including the coach,

are relaxed. The players say

Farmer is a better coach because

he is more at ease. Farmer says his

players — center Gary, guards Fos-

ter and Ralph Jackson and for-

wards Kenny Fields and Darren

Daye — are better because they

know him and each other better.

These players did not earn

UCLA its first No. 1 ranking in

four years because anyone looked

past them. Said Fields: "Every-

where we go, it makes a team's sea-

son to hang in and stay close

against us. It saves a coach's job if

they can beat us. That shows how

respected we are."

"We get tired of it, because ev-

erybody plays their best against

us."

Fields added: "When we lose, we

should have won. I don't see any

team in the country with better tal-

ent than we have." And that talent

is being coached by someone who

is not spending time outside look-

ing for a new job. Farmer is inspired

but not intimidated by the past.

"When I was hired," Farmer

said, "Coach Wooden looked at me

real stern and said, 'I want you to

do one thing. I want you to stay at

UCLA one year longer than I

did.'" Wooden's tenure was 27

years.

Said a smiling, depressed

Farmer: "I want to be at UCLA a

long time. I'm comfortable here. I

like it here. I don't think there's

any place better."

SPORTS BRIEFS

Moore Keeps WBA Crown on KO

ATLANTIC CITY, New Jersey (AP) — Davey Moore retained the World Boxing Association junior middleweight title Saturday by knocking out Gary Guiden in the fourth round of a scheduled 15-round bout here.

Moore dropped Guiden with a right uppercut to the head. Guiden stumbled backward and then fell face-down on the apron of the ring. The fight ended at 2:18 of the fourth round.

In Los Angeles, meanwhile, Roberto Duran of Panama scored a fourth-round knockout over Pipino Cuevas of Mexico. The two men had held welterweight titles at the same time for a brief period in 1980 after Duran had outpointed Sugar Ray Leonard for the World Boxing Council crown and before Cuevas was knocked out by Thomas Hearns in a WBA title fight. Duran is also a former WBC lightweight champion.

Caldwell Leads Phoenix Golf by 1

PHOENIX, Arizona — Rex Caldwell shot a four-under par 67 to take a one-stroke lead after Saturday's third round of the Phoenix Open golf tournament. Bob Gilder, the 1976 winner here, had a 66 and was in second place at 11-under-par 202. Tied at 203 were Johnny Miller (a 71), Lanny Wadkins (67) and Mike Reid (64). A 67-204 put Scott Hoch alone in fourth.

Jack Renner, who had a 66 Friday for a two-round total of 131 and one-stroke lead over Miller at the halfway point, shot a 74 Saturday, dropping him into a six-way tie at 205 with Mark O'Meara, Calvin Peete, Danny Edwards, Tim Simpson and Hal Sutton.

Panagoulas to Coach U.S. Soccer

NEW YORK (AP) — Alkis Panagoulas, who coaches the Greek first-division champion Olympiakos, has been named coach of the U.S. national team, the U.S. Soccer Federation announced Friday. Panagoulas also will assume duties as coach of Team America.

Panagoulas, 48, will also oversee the U.S. Olympic team, the Pan American team and National Youth Team. Born in Greece and naturalized as a U.S. citizen, Panagoulas served as director of coaching for the Greek Soccer Federation from 1973-81.

Meanwhile, the opening of Team America's training camp has been delayed by one week to Feb. 8, the North American Soccer League and its player union have announced. The groups said the delay was to consider questions raised by potential team members players, apparently concerning union matters. Team America will be composed of both professionals and amateurs and will play a full NASL schedule next season.

Point-Shaving Convictions Upheld

NEW YORK (UPI) — A federal court has affirmed the convictions of a former college basketball star and his four acquaintances — all small-time gamblers or reputed underworld members — for their parts in the 1978-79 Boston College point-shaving scheme.

The 2nd Circuit Court of Appeals affirmed last year's U.S. District Court convictions of Anthony and Rocco Perla, James Burke, and Paul Marzetti, the gamblers, and of Richard Kuhn, a key figure in the school's basketball team that season.

They were found guilty of engaging in racketeering activities and conspiracy to commit sports bribery, and were sentenced to prison terms ranging from 4 to 20 years.

NHL Standings

Wales Conference			
Philadelphia	27	13	1
NY Islanders	27	13	1
Washington	24	16	2
NY Rangers	22	18	2
Pittsburgh	22	18	2
New Jersey	21	19	2
Adams Division			
Boston	27	13	1
Montreal	27	13	1
Buffalo	25	15	1
Quebec	24	16	2
Calgary	22	18	2
Edmonton	21	19	2
Campbell Conference			
Chicago	27	13	1
St. Louis	27	13	1
Minnesota	24	16	2
St. Paul	22	18	2
Winnipeg	22	18	2
Manitoba	21	19	2
Smythe Division			
Calgary	27	13	1
Winnipeg	27	13	1
Manitoba	25	15	1
Vancouver	24	16	2
Los Angeles	22	18	2
Frieder's Results			
Buffalo	27	13	1
St. Louis	27	13	1
Minnesota	24	16	2
St. Paul	22	18	2
Winnipeg	22	18	2
Manitoba	21	19	2

